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THE STAFFING OF CONGRESS*

IN a message to Congress on January 12, 1937, President Roosevelt submitted the Report of his Committee on Administrative Management and asked that the executive branch of the government be given "modern tools" and "an up-to-date organization" which would enable it "to go forward efficiently." The Report laid stress on the increasingly technical character of the work done by the administrative departments, and insisted that, save in the case of a few top political officials, the staffing be expert and the tenure removed from interruption by reason of party or personal considerations.

That the legislative branch of the government should have "modern tools" and an "up-to-date organization" so that it may "go forward efficiently" is equally essential. Over the years the work of Congress has become increasingly technical and burdensome. The annual statute book grows in size. Sessions are longer. More and more numerous become the administrative agencies which seek funds and require scrutiny. Naturally, therefore, the staff of Congress has grown larger. To its cost, numbers, duties and potentialities little attention has as yet been paid—even by Congress.

Relatively speaking Congress is an inexpensive body. For the services of 435 representatives, 96 senators, their buildings

* Dr. Floyd M. Riddick of Washington, D. C., who for several years has viewed "The Hill" and its inhabitants at close range, prepared many of the data on which this article is based. Professor Charles A. Beard gave the manuscript a critical reading with results that can be fully appreciated only by those who have profited by having their manuscripts read by Charles A. Beard.

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and their staff, the country pays more than $13,000,000 annually—say one sixth of the cost of one of the dreadnaughts now under construction. To staff Congress costs about three times as much as it does to keep one of these battleships in commission. The personnel required is somewhat larger—3,200. For clerks to Senate and House committees and to Senators and Representatives, Congress annually appropriates more than $4,750,000. Perhaps three quarters of a million more goes to persons who might be called officials rather than employees. Some of these posts—those of the parliamentarians, official reporters, and journal clerks, for example, are of high importance. Others are honorific sinecures. The employees who do the housekeeping for the capitol and office buildings, and perform manipulative work in document rooms and elsewhere, bring the total cost of the congressional staff to $6,500,000 annually. Perhaps 200 members of this staff (personal secretaries apart) hold posts which give them influence if not power. They are the congressional counterpart of the public servants in the higher ranges of the executive departments in that they assist members in the discharge of their duties as drafters, critics and makers of laws, and scrutinizers of administration. Twenty years ago the staff of Congress numbered less than half of what it now does and its cost was much lower.[1] Changes have been largely unnoticed and unsung and we propose here to set forth certain facts that may suggest the tunes which may be appropriate when the singing begins.

II

Of course Congress must be more expensive than any other legislative assembly and its staff must be more numerous. And as the burden on Congress becomes heavier both in weight and technical difficulty, cost and numbers must increase. For

[1] In 1920 Congress cost only $7,959,927 and for staff only $3,000,000. The annual clerk hire allowance for each Representative has been increased progressively since 1907 as follows: on July 1, 1907 from $1,200 to $1,500; July 1, 1917 from $1,500 to $2,000; July 1, 1919 from $2,000 to $3,200; July 1, 1924 from $3,200 to $4,000; July 1, 1929 from $4,000 to $5,000; and July 1, 1940 from $5,000 to $6,500.

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congressional government, as Woodrow Wilson pointed out more than half a century ago, is in many respects committee government. That generalization still holds good although its implications and emphasis have now vastly shifted from the Wilsonian implications and emphasis. The executive departments father more and more legislation, but Congress exercises a parental function whenever it so desires, and even in times of crisis—1917, 1933, 1941—when it may seem as if we have presidential government, Congress reserves the right to, and does, revamp departmental measures. In either case, congressional tasks have become more and more technical, and more and more assistance has been required.

With congressional committees initiating, discussing and reporting on legislation, clerical assistance to them was inevitable and the strange thing is that it came so late. Not until after the middle of the nineteenth century did even the more important committees adopt the practice of appointing full-time clerks.[2] In the case of a few of the important committees of Congress the staffing is expert and there is in fact some permanence of tenure. By and large, however, the positions attached to most congressional committees are contingent upon changes of political party or the defeat, death or resignation

[2] In 1856 the Appropriation Act provided clerk hire for the House Ways and Means and the Senate Finance Committees, but for some years they were the only committees specified in the legislative appropriation acts. Before that date, however, committee clerks were provided for by special resolutions adopted by each house at each session. Appropriations were in lump sums and the clerks were paid on a per diem basis or a fixed amount for the length of the session. Not until around 1900 did the appropriation acts begin to carry items specifying funds for the standing committees in both houses. The first comprehensive legislative pay act authorizing appropriations for all legislative employees, including committee clerks, was not enacted until 1924. Apparently, however, certain important committees in the House and Senate began to have full-time clerks as follows. In the House: Foreign Affairs, Judiciary, Military Affairs, and Naval Affairs — all in 1858; Appropriations, 1865 (year committee was created); Banking and Currency, 1866; Agriculture and Pensions, 1872; Rivers and Harbors, 1884; Merchant Marine and Fisheries, 1888; and the Rules in 1890. In the Senate: Commerce, Foreign Relations, Judiciary, Military Affairs, Naval Affairs, Pensions, and Post Office and Post Roads, 1861; Agriculture and Public Buildings and Grounds, 1864; Appropriations, 1867; Education and Labor, 1870; and Rules, 1876.

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of a particular Congressman who has been the committee's chairman. Since the positions under a committee are few in number—a clerk, an assistant clerk, etc.—frequently there is no competent junior who has been waiting for an opportunity of promotion. Such vacancies in many cases must be filled from the outside by inexperienced persons. There has been relatively little shifting from one committee to another.

Manifestly the system of committee clerkships has been tied in with clerical assistance to the committee chairmen personally, especially since some committees are relatively inactive for extended periods. In comparison with foreign legislatures, however, Congress has been far from niggardly in providing funds to enable its members to handle their tasks more efficiently — not only as members of a legislature charged with responsibility for participating in its work, but also as individuals representing large constituencies. Congressional generosity was inevitable, for each Representative in Congress has a constituency over four times as numerous as the constituency for a member of the House of Commons.[3] Moreover, service in Congress has become more and more of a vocation and less of an avocation; the local interests which Congressmen are supposed to serve impose on Representatives and Senators a larger amount of what Edmund Burke called "mean and petty business" than is imposed on members of the House of Commons. Although congressional salaries are not now Lilliputian, they would have to be Gargantuan if members were expected to pay their own office expenses.[4]

III

It is curious that, although willing to provide committees and individual members with clerical assistance, Congress was reluctant to establish an expert drafting service. The importance of such a service was early recognized in Great Britain,

[3] Under the redistribution of 1918, a district in England contained approximately 70,000 inhabitants. Under the reapportionment of 1940 there are 435 Representatives for a population of 131,000,000—one to 300,000.

[4] Occasionally an allowance for secretarial assistance is used to supplement a salary—by paying part of the allowance to a member of the Congressman's family—but, in the large, this is unimportant.

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but the members of the House of Commons did not need it for themselves because in Great Britain the bulk of legislation has been prepared and introduced by the Cabinet. Judges drafted the earliest acts of Parliament; then the Treasury and the Home Office appointed special counsel, and in 1869 a Treasury Minute established an Office of the Parliamentary Counsel to the Treasury. Its expert draftsmen prepare all government bills and perfect private members' bills.[5] The process is not hasty. "Sometimes ten or fifteen drafts have to be prepared, and the Bill goes backwards and forwards between the Department and the Office until agreement is reached. With a really complicated Bill at least three months are required for this stage." [6]

Congress was late in recognizing the fact that drafting was important and a job for the expert rather than the layman even though he was a lawyer. Until 1918, Representatives and Senators for the most part did their own drafting. Then "The Office of Legislative Counsel" [7] was established and the House and the Senate now have available the services of well-trained draftsmen. Appointments are made by the Speaker and the Vice President but they rarely do more than approve nominations made by the Office itself. Patronage is barred, and for drafting, it may now be said that Congress has expert staffing.[8] Moreover, the Library of Congress has a Legislative Reference Service which costs $122,000 annually. The assumption is "that the Congress has a right to scholarly research and counsel in law and history and economics at least equal to that of people who come before committees, people who come

[5] A. P. Herbert, *The Ayes Have It* (London, 1937).

[6] W. I. Jennings, *Parliament* (New York, and Cambridge, England, 1940), p. 223.

[7] Frederic P. Lee in *Columbia Law Review*, vol. XXIX (1929), p. 379.

[8] Appropriations now total $77,500 annually, and the chief draftsman has a salary of $10,000 which, since it is not less than the salary of a member of Congress, shows that Congress fully realizes the importance of the work. Draftsmanship of legislation by the executive is still rather haphazard and draftsmanship of executive orders even more so, a condition which has occasionally had catastrophic consequences. *Panama Refining Company vs. Ryan, et al.*, 293 U. S. 388, 415 (1934).

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before Congress with various applications of one kind or another. It is our obligation to present that kind of research and that kind of counsel and we have tried to set up here a service which we think will do that." [9]

IV

Congressional objections to providing drafting assistance were exceptional.[10] There has been little reluctance to authorizing more and more secretarial aids and clerks. Each Representative is entitled to $6,500 which he may use for "one, two or three persons," provided "that no person shall receive a salary from such clerk hire at a rate in excess of $3900 per annum." [11] The arrangement for Senators is different and, in the case of those who are chairmen of committees, is tied in with the committees' staffs. A Senator, who is not chairman of one of the thirty-four committees whose clerical staffs are specially provided for, is entitled to one clerk at $3,900, one at $2,400, one at $2,220, two at $1,800, one at $1,500. If he comes from one of the fourteen states with a population of more than 3,000,000 he can have an additional clerk at $1,500. Thus (apart from the perquisites of chairmanships) twenty-eight Senators may have seven clerks at a total cost of $15,120. They cannot parcel out this amount (as a Representative may his $6,500) subject to the maximum of $3,900. The salaries of a Senator's clerks are fixed by law and if he becomes chairman of a committee his "clerks and assistant clerks shall be ex-officio clerks and assistant clerks" of such committee.

[9] Archibald MacLeish (Librarian of Congress), *Hearings before the Subcommittee of the House Committee on Appropriations, House of Representatives on the Legislative Branch Appropriation Bill, 1941*, p. 93.

[10] "I am unwilling to make the admission that if I have a piece of legislation that I think ought to become the law that I am incapacitated, the people who are elected in other districts are incapacitated to do their own thinking and prepare their own bills. . . . I realize we are getting away from representative government. The old monarchical idea of having men to do this work is growing rapidly. I have not an idea of that kind. I still believe people are capable of electing members of Congress who can do their own work. I know that the representatives of the people do good work."—Mr. Sisson in the House of Representatives, January 20, 1923 (C. R., 67-4, p. 2154).

[11] P. L. 216 of 76th Congress.

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TABLE I

Name of Committee	SENATE			HOUSE		
	Clerks & Asst. Clerks	Janitors & Messengers	Total Salary	Clerks & Asst. Clerks	Janitors & Messengers	Total Salary
*Accounts			$	2	1	$ 7,320
*Agriculture				2	1	7,320
*Agriculture and Forestry	6	—	15,780			
Appropriations	8	1	31,940	13	2	55,240
*Audit and Control the Contingent Expenses	5	—	13,200			
Banking and Currency	4	—	11,400	2	1	5,760
*Census				1	1	4,020
Civil Service	4	—	10,320	1	1	4,020
Claims	5	—	13,800	2	1	6,300
*Coinage, Weights, and Measures				1	1	4,020
*Commerce	6	—	16,200			
*Disposition of Useless Executive Papers				1	—	2,760
District of Columbia	5	—	13,680	2	1	7,020
*Education				1	1	4,020
*Education and Labor	4	—	10,500			
*Election of President, Vice President, and Representatives				1	—	2,760
*Elections No. 1				1	1	4,020
*Elections No. 2				1	1	4,020
*Elections No. 3				1	1	4,020
Enrolled Bills	4	—	10,320	1	1	4,020
Expenditures in Executive Departments	4	—	10,500	1	1	4,560
Finance	9	1	29,220			
*Flood Control				1	1	4,020
*Foreign Affairs				2	1	7,020
*Foreign Relations	5	1	15,680			
*Immigration	4	—	10,500			
*Immigration and Naturalization				1	1	4,560
Indian Affairs	6	—	18,200	2	1	7,020
*Insular Affairs				1	1	4,020
*Interoceanic Canals	4	—	10,500			
*Interstate Commerce	6	—	17,760			
*Interstate and Foreign Commerce				3	1	10,200
Irrigation and Reclamation	5	—	12,300	1	1	4,020
*Invalid Pensions				4	1	13,020
Judiciary	5	—	14,160	3	1	9,900
*Labor				2	1	5,760
Library	5	—	12,720	1	1	4,020
*Manufactures	4	—	10,320			
*Merchant Marine and Fisheries				2	1	5,760
Military Affairs	6	—	16,200	2	1	6,960
*Memorials				—	—	—
Mines and Mining	5	—	12,120	1	1	4,020
Naval Affairs	5	—	13,620	2	1	6,960
Patents	4	—	10,320	1	1	4,020
Pensions	6	—	15,360	2	1	6,720
Post Office and Post Roads	7	—	17,760	2	1	6,960
Printing	4	—	10,500	1	1	4,320
*Privileges and Elections	4	—	10,320			
Public Buildings and Grounds	4	—	10,320	2	1	6,300
*Public Lands				2	1	6,300
*Public Lands and Surveys	5	—	13,800			
Revision of Laws	4	—	10,320	1	1	4,560
*Rivers and Harbors				2	1	7,320
*Roads				2	1	5,760
Rules	5	—	13,580	2	1	6,660
*Territories				1	1	4,020
*Territories and Insular Possessions	6	—	14,720			
*War Claims				2	1	6,300
*Ways and Means				4	3	17,520
*World War Veterans				2	—	5,760

* The asterisk designates that the standing committee exists in one house only.

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For the clerks of Senators who are not chairmen of committees, Congress appropriates $1,080,000 annually. The clerks and assistant clerks of the thirty-four Senate committees cost a little more than $500,000.[12] The Legislative Pay Act of 1929 provides that "where a Senator is the chairman of a committee the clerical force attached to that committee is his secretarial organization as well as the force for the transaction of the committee business."

The different Senate committees have staffs of varying sizes. The Committee on Finance has a clerk and eight assistant clerks ($29,220); the Appropriations Committee has a clerk and seven assistant clerks, whose payroll amounts to $31,940. Foreign Relations has a clerk and four assistants. Committees like those on Enrolled Bills, Immigration, Interoceanic Canals have staffs of no more than four. This is the minimum no matter how inactive the committee may be (at a minimum cost of $10,320). Details for all the committees appear in Table I.

Thus a Senator who is not chairman of a committee (and who does not come from one of the largest states) may have, as we have said above, six clerks. If he becomes chairman of a committee his three senior clerks staff that committee, but he can get whatever secretarial assistance it is possible for him to wangle from the remaining staff of the committee—which is never less than one person and may in the case of Finance be as many as six persons. The Chairman of the Senate Indian Affairs Committee, for example, has eight clerical employees who are paid a total of $21,500. The Committee on Manufactures has six employees who cost $13,620 and, during a recent two-year period, held only one meeting. Of the Senate committees, however, only two (Finance and Appropriations) have clerks at salaries higher than $3,900. On the other hand all but eight senior assistant clerks get more than $2,400 (from $2,580 to $4,800). Hence it is possible for Senators who are chairmen of committees to pay their assistant clerks more than is received by similar aids to a Senator who does not chair a committee. This is what we have discovered to be the effect

[12] Clerks for the 47 House committees cost $320,000 annually, and for the 435 Representatives $2,847,000.

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of the Legislative Pay Act of 1929, whose provisions, as the reader of the footnote will discover, are none too clear.[13] In addition, special assistance is occasionally requested from the executive departments for committees which have heavy burdens. Thus the Senate Naval Affairs Committee now has two clerks seconded to it by the Navy Department. Moreover, additional aids are provided for both the majority and minority leaders in each house. It can hardly be maintained that so far as the mere number of the personnel is concerned, Congress is understaffed.

On the House side, forty-seven committees have forty-seven clerks whose salaries range from $8,000 to $2,760. Twenty-two committees have no assistant clerks but the other twenty-five committees have forty-two assistant clerks at $5,000 to $1,740. Thus, senatorial chairmen are more blessed than chairmen in the House. Representatives who chair committees have their $6,500 and can, especially in the case of inactive committees, get some personal service from committee staffs. But, as the figures above show, the amount is limited.

Appointment to these clerical posts and to other positions in the group of 3,200[14] is by the Senators and Representatives

[13] The Legislative Pay Act of 1929 provides: "Clerical assistance to Senators who are not chairmen of the committees specifically provided for herein, as follows: Seventy clerks at $3900 each; seventy assistant clerks at $2400 each, and seventy assistant clerks at $2220 each. Such clerks and assistant clerks shall be ex-officio clerks and assistant clerks of any committee of which their Senator is chairman.

"Seventy additional clerks at $1800 each, one for each Senator having no more than one clerk and two assistant clerks for himself or for the committee of which he is chairman; messenger, $1800" (P. L. 17 of 71st Congress).

The Legislative Pay Act of January 1, 1940 provides that each Senator shall have one additional clerk at $1,800, one additional clerk at $1,500, and "in addition thereto each Senator from any State which has a population of three million or more inhabitants shall be entitled" to one additional clerk at the rate of $1,500. (See P. L. 216 of 76th Congress.)

[14] The figure is not exact because the turnover is rapid. A Representative may increase his staff at one time and reduce it at another because of changing pressure of business on him and because his committee is active or inactive. Of the 3,200 employees who cost $6,500,000 annually, the Senate has 1,400 at $2,500,000 and the House 1,800 at $4,000,000. The numbers seem somewhat disparate since there are 96 Senators and 435 Representatives, but each house has its own chamber which it must keep up and its own office building.

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who act in different capacities. On the House side: (1) each Representative selects his own office force, limited in number and maximum salary only; (2) the chairmen of the standing committees appoint the committee staffs [15] subject to the casual approval of the committees; [16] (3) the Speaker appoints the House parliamentarians and must approve appointments in the office of the House Legislative Counsel; (4) House officials and Representatives acting as officers of the House or of the party make particular appointments; [17] (5) and six officers, including the Speaker, are chosen by the House.[18] On the Senate side the system is much the same: (1) each Senator selects his own office force and the staff of the committee for which he may be chairman; (2) the Vice President appoints his own staff and members of the Legislative Counsel; (3) Senate officials and Senators acting as officers of the Senate or of the party make particular appointments in much the same way as in the House; (4) and six officers, including the President *pro tempore*, are chosen by the Senate.[19]

V

Of these employees there are approximately two hundred whose principal tasks are connected with the preparation and enactment of legislation. They serve the committees; they are the legislative clerks in the two chambers or parliamentarians or others who care for other specialized tasks. It is here that we should look for the expertness and security of tenure which the increasingly technical character of congressional functions—legislating, informing and controlling—makes desirable.

[15] Including doorkeepers and messengers as well as clerks.

[16] In practice, the power is lodged solely with the chairmen.

[17] These appointments are restricted by the Patronage Committee's control over them. The Committee allots positions to members or groups of members who are entitled to make the appointments outright or make the nominations, leaving the casual appointing power to one of the officers of the House. Persons thus appointed by the clerk, for example, may be dismissed for inefficiency by him under certain circumstances but the patronage holder concerned would make the new nomination.

[18] The Clerk, Sergeant-at-Arms, Doorkeeper, Postmaster, and Chaplain.

[19] The Secretary, Sergeant-at-Arms and Doorkeeper, Chaplain, Assistant Doorkeeper, and the Acting Assistant Doorkeeper.

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These two hundred persons do not have power. That is, of course, reserved to the elected representatives of the people. But they do have influence, which results from the knowledge which they acquire and from the inevitable tendency of all busy persons to get rid of routine tasks which they think staff assistants will be competent to perform. Sometimes it turns out that the tasks are not routine at all but are in fact policy determining. So far as committee staffs are concerned, however, save for a few exceptional cases, numbers of posts seem more important than the qualifications of their holders. It has been said that a dictator is like a mule. He has no pride of ancestry and no hope of posterity. By and large a congressional committee clerk can have little pride in his training and preparation and scant hope that his talents will be rewarded, save in an extra-congressional world.

Some years ago, in the legislature of a western state the number of committees varied every session according to the number of members of the majority party. Thus each could be chairman of a committee. The House and the Senate have not been so generous and have kept their committee structure quite stable. The last major alteration occurred in 1921 when the Budget and Accounting Act was passed. Perhaps nothing has happened in twenty years to suggest further revision,[20] but certainly both branches of Congress have too many committees which work too independently of each other. There is, for example, no effective liaison between the committees on naval and military affairs. Manifestly, also, some committees are more important than others. Congress recognizes this in two ways: (1) by seeking to prevent the appointment of a member to more than from one to three of the major standing committees[21] and (2) by greater preferment in the

[20] W. F. Willoughby has proposed congressional committee organization parallel to that of the executive departments. *Principles of Legislative Organization* (Washington, 1935), p. 357. The French tried this with their parliamentary commissions (it had a measure of success and was *not* one of the reasons why France fell). Congressional acceptance of the principle, without important exceptions, might worsen rather than better the present structure.

[21] The House follows a practice of not appointing a Representative to more

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Legislative Pay Act for the staffs of certain committees. The Appropriations and the Ways and Means Committees of the House and the Appropriations and Finance of the Senate are in a special class.[22] The other House committees are put into three groups depending upon the "degree of activity and the importance of the work coming from the committees."[23] Clerks receive $3,900, $3,300 and $2,760 respectively. In the Senate, save for Appropriations and Finance, each committee clerk receives $3,900. The varying importance and burdens of the committees in both houses are further recognized by giving some committees more assistant clerks than others,[24] but it is impossible to discover any principle save patronage that may justify the allotment.[25]

than one of the ten committees which have been designated as "exclusive". Exceptions have been made in the last few years on the minority side because of the small number of Republicans. The Senate prevents dual chairmanships and endeavors to limit the number of major committee appointments of any one Senator.

[22] Each of the Appropriations Committees pays $8,000 "for the present incumbent". The Ways and Means Committee pays $4,620 and the Finance Committee, $4,200.

[23] See House Report No. 22 of 71st Congress, p. 6.

[24] For example: In the Senate the Agriculture and Forestry has five assistant clerks, Appropriations seven, Commerce five, Finance eight, Indian Affairs five, Interstate Commerce five, Military Affairs five, Pensions five, Post Office and Post Roads six, Territories and Insular Possessions five, and all others with three or four assistants each. In the House the Appropriations Committee has twelve assistants (including four clerk-stenographers), Interstate and Foreign Commerce two, Invalid Pensions three, Judiciary two, Ways and Means three, twenty have only one each, and the others have no assistants. Each House committee with the exception of Disposition of Useless Executive Papers, Election of President, Vice President, and Representatives in Congress, Memorials, and World War Veterans has a messenger or janitor.

[25] When the salaries of employees of the legislative branch were increased in 1929, the committee report had the following to say:

"The joint committee in arriving at its recommendations for the officers and employees of Congress has kept in mind not only the difference in compensation which now exists in favor of the executive departments but the difference in the character of the service and has concluded that the factors which distinguish employment in one branch of the Government from the other entitle the employees of Congress to a little more consideration on the average than the employees under the executive branch. Service in the executive departments is of certain tenure, regular, and short hours, carries annual vacation

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Moreover, at the request of the respective chairmen, some of the administrative departments of the government detail departmental clerks or assistants to assist the clerks of certain committees. Thus (the Navy Department has already been mentioned) the War Department, the Veterans Bureau and the Civil Service Commission lend staff to the appropriate House and Senate committees. Responsible to their administrative chiefs, they nevertheless are of considerable assistance to the committee clerks. They can be helpful in public relations and they may, through contacts with committee members, be influential agents in behalf of the department they represent. In some cases the same persons have been at the Capitol for half a dozen Congresses.

Minor committees seldom hold public hearings, and the hearings which are held are seldom published. Some of them rarely report more than two or three bills during a session. Some have gone from one Congress to another without holding a meeting. Hence their clerks are not important. There are no difficult assignments for them to master. They can have little pride in their posts and any work that they do must be personal work for the chairman. They go and come as chairmen change, as their sponsors fail of reëlection, or as they get better jobs.

Only a few committees offer a career. Their clerks must have special ability and, when such ability has been demonstrated, a new committee chairman is infrequently disposed to disturb the incumbent. The House Appropriations Committee, for example, has had only three clerks since its creation in 1865: Robert J. Stevens, 1865-1884; James C. Courts, 1884-1916; Marcellus C. Sheild, 1916——. The Senate Appropriations Committee has had only six different clerks in sev-

and sick leave and retirement privileges, and is under pay schedules which permit promotions from time to time without action by Congress in changing the rates. Service under the legislative branch is of uncertain tenure under the patronage system, irregular hours of employment, no promotion possibilities, no retirement privileges, and involves travel expenses between the home district and the Capitol." House Report No. 22, 71st Congress, p. 3.

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TABLE II

Name of House Committee	Number of Clerks since 1911	Clerk serving longest term	Name of Senate Committee	Number of Clerks since 1911	Clerk serving longest term
Agriculture	8	Katherine Wheeler (1933——)	Agriculture and Forestry	10	C. A. Lawton (1933——)
Foreign Affairs	9	I. R. Barnes (1933-1940)	Foreign Relations	11	E. J. Trenwith (1933-41)
Interstate and Foreign	5	E. J. Layton (1921——)	Interstate Commerce	12	John J. Carson (1929-34)
Judiciary	7	G. S. Jameson (1921-1931)	Judiciary	10	Morris Lanman (1933-41)
Labor	17	Mary Cronin (1932-1938)	Education and Labor	14	R. M. Arundel (1929-34)
Military Affairs	7	H. F. Sedgewick (1920-1932)	Military Affairs	10	Victor Russell (1933-40)
Naval Affairs	9	E. S. Theall (1908-1917)	Naval Affairs	12	R. E. Marshall (1924-33)
Pensions	14	Deck Sligh (1933-1939)	Pensions	17	R. M. Long (1934-39)
Rivers and Harbors	5	J. H. McGann (1920——)	Commerce	11	J. H. Davis (1919-29)
Ways and Means	9	C. F. Moore (1922-1932)	Finance	15	F. M. Johnston (1935——)

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enty-five years.[26] The present clerk of the House Committee on Rivers and Harbors, Joseph H. McGann, first entered the employ of the House in 1902.

In non-committee posts, also, there are striking examples of capacity rewarded by long tenure. Thus the Superintendent of the House Document Room—Mr. Elmer Lewis [27]—was appointed to his present post in 1925 after seven years' service on the staff. William Tyler Page, at one time Clerk of the House, has completed fifty-nine years [28] of service. The Record Clerk has been at the Capitol since 1875. The ability of different long-tenure men is frequently recognized by an additional increment of salary "so long as the position is held by the present incumbent." The Legislative Appropriation Act of 1940 thus rewards twenty-five "present incumbents". [29]

For the ten of the more important House and Senate committees (the Appropriations Committees have been dealt with in the text) the turnover of the clerks since 1911 is shown in Table II. We give also the name and term of office of the clerk of each committee who served the longest number of years. The transfer of clerks from one committee to another is rare.

In the Senate long tenure of officials has been less frequent. This seems strange because the Senate is a continuing body. As the late Henry Cabot Lodge once boasted, the Upper Chamber "has never been, legally speaking, reorganized. It has been in continuous, and organized existence for one hundred and thirty-two years, because two thirds of the Senate

[26] Amos Pickard, 1867-1872; William C. Tompkins, 1872-1873; Thomas P. Cleaves, 1873-1910; Kennedy F. Rea, 1910-1911; J. A. Breckons, 1911-1913; Kennedy F. Rea, 1913-1939; E. H. Smith, 1939——.

[27] Mr. Lewis' encyclopaedic knowledge of statutes, bills and bill numbers received special recognition when the Legislative Pay Act of 1929 named him for his post and thus gave him tenure which only an Act of Congress can disturb.

[28] Mr. Page began as a page on December 19, 1881; was clerk from 1919 to 1931, and when the Republicans lost control was made a special clerk to the minority.

[29] There is nothing resembling this in the appropriation acts for the executive departments. Naturally so, for the employees of the executive departments are under the Civil Service Laws and the Classification Act.

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being always in office, there never has been such a thing as the Senate requiring reorganization as is the case with each newly elected House. . . . There may be no House of Representatives, but merely an unorganized body of members elect; there may be no President duly installed in office. But there is always the organized Senate of the United States."[30]

The difference in length of committee clerkship tenure arises in part from the fact that, as already stated, the Legislative Pay Act of 1929 makes the clerks and assistant clerks of Senators the "ex-officio clerks and assistant clerks of any committee of which their Senator is chairman." The result of this is that in the vast majority of cases the person holding the title of clerk to a Senate committee is in reality the Chairman's Secretary and the committee clerking is done by one of the assistant clerks. This is rarely the case on the House side.

Recently Congress has shown some interest in the tenure of office of its clerks and what happens to those who are displaced "involuntarily and without prejudice" by new political appointments. Legislation, introduced in the House on January 3, 1939 and fathered by Representative Ramspeck and by Senator Mead,[31] contained an amendment to the Civil Service Act providing that clerks and assistant clerks of standing committees, together with the clerks and assistant clerks of Representatives and Senators, who have held their posts for four years and "whose separation from the service is involuntary and without prejudice shall acquire, upon passing such suitable noncompetitive examination as the Civil Service Commission may prescribe, a classified civil service status for transfer to a position in the classified civil service notwithstanding any

[30] Henry Cabot Lodge, *The Senate of the United States, and Other Essays* (New York, 1921), p. 2. There are some "old timers" on the Senate side but for the most part they are attached to the Chamber rather than to committees. Thus John C. Crockett has been reading clerk since 1907; Leslie Biffle, secretary to the majority, has been a congressional employee since 1908. He became assistant secretary to the minority in 1925 and secretary to the majority in 1933. Charles Watkins, at present parliamentarian, has served the Senate since 1904.

[31] The particular amendment was added to the bill on the Senate side. See HR 960 and Senate Report 1865.

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contrary provisions of the civil service laws or regulations." The transfer, however, must be obtained within "one year from the date of separation".[82]

In urging the amendment, the Senate committee argued that if there had been "justification for 'blanketing' into permanent civil-service positions many thousands of persons, the bulk of whom have had but few years' experience, there is certainly justification for granting this opportunity to employees of the legislative branch," and then went on to say:

> Your committee feels that the merit of this proposal will be readily apparent to every Member of Congress. Your employees have given you faithful and efficient service. After four years they have acquired a vast knowledge of Government affairs. Many of them gave up their work at home to come to Washington and have now lost their home contacts. Every Member of Congress is familiar with cases where the death, resignation, or defeat of some Member has left his office force without jobs and the assistance these employees have asked of you in their attempts to get placed elsewhere. Some Members have lost valuable employees who have resigned to take positions offering a more permanent future. This provision is in a measure an assurance to these employees that they will have an opportunity to obtain employment in a field where they are experienced and qualified in the event their Member ceases to remain in Congress. It will serve as an incentive for employees to remain with their Members.[83]

VI

In 1920 Congress set up a Joint Commission on reclassification of posts in the administrative departments of the federal government. The Commission inquired into the variations and inequalities in salaries for the same class of work and the absence of any plan governing promotions. It found, according to its Report, "serious discontent accompanied by an excessive turnover and loss among the best trained and more efficient employees"; that "the morale of the personnel has been impaired" and that "the national service has become

[82] See P. L. 880 of 76th Congress.

[83] Senate Report 1865 of 76th Congress, p. 6.

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unattractive to a desirable type of technical employee". Some day Congress will inquire into the classification of its own employees.

The problem which its reclassification commission will face will be both simpler and more complex. It will be simpler because most of the 3,200 posts on the staff of Congress do not require much technical proficiency, and years of service do not greatly increase the competence of incumbents. On the other hand, certain posts will defy classification: those of the parliamentarians, of the journal clerks, the indexers — the officials who make it certain that the business of the legislature constantly goes on; that the prints of measures in their various stages are available; that the status of pending matters is clearly set forth; and that, through elaborate indices (the failure to index congressional hearings is a conspicuous exception), what Congress is doing is an open book.

When it comes to committee staffs, classification will be difficult also. The question will be one not only of the importance or unimportance of the committee but of the character of its jurisdiction, for this determines in part the duties of a clerk. The first parliaments were called to grant money. Later they sought to make control of the purse one of their principal *raisons d'être*. It may well have been that the survival of the House of Commons while older legislative bodies vanished—the Cortez of Aragon and of Castile—derived from its seizure of the purse strings and its insistence on voicing grievances before granting supply.[84] Congress puts control of the purse high among its functions. Membership on the committees which propose taxes and recommend appropriations is eagerly sought after. As has been said, the staffs of these committees are specially favored and in some cases are unaffected by changes of party control.

The importance of filling the purse has resulted in a Joint Committee on Internal Revenue which, set up in 1926, has grown in importance. Its staff has been gradually enlarged and must be composed of well-trained and expert—as distin-

[84] A. F. Pollard, *The Evolution of Parliament* (London and New York, 1920).

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guished from well-informed — personnel. Nearly all of the present members of the staff (thirteen) have been with the committee since its creation or since their particular positions were provided for.[35] It is not improbable that Congress will experiment with other joint committees.

The two District of Columbia committees (why not a joint committee?) report legislation but their clerks also have quasi-administrative tasks. On behalf of aggrieved citizens who appeal to Congressmen, the clerks serve as go-betweens between the latter and the District of Columbia Administration. These committees also are not without some measure of influence on certain decisions of the District administrative personnel. Similarly, the clerks for the pensions and claims committees have more to do with individual citizens than do the clerks of committees which have under their jurisdiction matters involving broad policy. They see many citizens who seek pensions and who endeavor to establish claims against the government. They smooth ruffled feelings and protect Representatives and Senators against importunities.[36] Each session they draft hundreds

[35] Colin F. Stam (Chief of Staff of Joint Committee on Internal Revenue), *Hearings before the Subcommittee of the House Committee on Appropriations, House of Representatives on the Legislative Branch Appropriation Bill, 1941*, pp. 337-340.

[36] And not, it is to be hoped, in the fashion described by Robert Doucet ("La Bureaucratie et les Bureaucrates", *Journal des Economistes*, 1919, p. 218):

"The civil servant who sees a stranger enter at once thinks exclusively of the troublesome consequences that the visit may have. A 'client' may misunderstand what is said to him or may receive some hint which will give him a club over the administration; a word too much will perhaps unloose the worst complications, and then the career of the civil servant will be compromised. The prudent thing is to keep quiet; to discourage the visitor; to oppose to the most commonplace request for information the revered formula, 'Write and you will receive an answer.' The bureaucrat who thus asks you to write generally imposes work on himself, for it is he who will answer your letter. But this reply will be signed by a chief who will then become responsible for its contents; its terms will be carefully weighed and may later be discussed in a leisurely manner if this should be necessary, because a draft, initialed and annotated by a whole hierarchy, and one or more authentic copies will be preserved even when the letter is insignificant. Everything is there 'to cover one's self.' The civil servant who refuses to reply to the public is automatically 'covered' and will never be reproached."

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of reports to accompany the private bills. On the House side, five committees (Invalid Pensions, Pensions, Claims, War Claims, Immigration and Naturalization) prepare approximately half of all the reports submitted to the House.

In short, congressional committees may make their staffs do research or conduct public relations. Some committee chairmen let the clerks do much of the planning for hearings on legislation—pick the witnesses who are to be invited, draft the reports. Around Congress certain committees are generally recognized as being well staffed, others as not so well staffed. In the first case, information which is requested is instantly forthcoming. Records are complete. In the other cases, there are vagueness and insufficiency of documentation.

This is natural because of the method of recruitment. It will not be long before some student will endeavor to analyze the educational and social backgrounds of the most important members of the congressional staff. They will be found to be in large part under forty years of age. More than half went to college, but more than half of these did not graduate. Many got into congressional clerkships by way of civilian clerkships. A minority has come from posts in the executive departments. A few are ex-lawyers. Many study law at one of the Washington law schools while performing their congressional tasks. Considerably less than half have had service in the Capitol for as long as ten years. Twenty-five per cent have served less than five years. Only in rare cases can a clerk expect to earn more than $3,900 a year, but at such a salary he may serve committees as important as the Naval and Military Affairs Committees now are.

Secretarial assistance to Congressmen and the staffing of committees are so tied to "patronage" that no individual member or committee is able to effect any reform. There is almost no liaison between Senate and House staffs of committees with the same jurisdiction. Congress contents itself with salary increases for "present incumbents". These are some generalizations which we think are justified, but a future researcher will give us exact figures which he draws from the replies to a questionnaire. May it not prove in such a case

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that, according to the French proverb, statistics are a means of being precise about matters of which one is ignorant!

VII

When it presented its budget request for 1941 the Library of Congress asked additional moneys to employ "experts available for different members of Congress and committees of Congress who could testify as experts on matters of legislation." The Librarian of Congress said that in his view the members of Congress "were entitled to have their own specialists" in the fields of agriculture, foreign trade, banking, and so on. He thought that Congress was entitled "to the service of men who really are expert in these matters and who would give them information not as it comes through a department, which may have a special cause to plead before Congress, but who would give the information to members in the most objective possible way."

One of the Representatives on the subcommittee remarked that he saw the good intentions of the proposal but he wondered whether a Library of Congress "expert" who received $3,800 a year would be able to "oppose all of these research experts that they have in the Department of Agriculture." Mr. MacLeish admitted that that would be a "case of a David against a number of Goliaths, but he would have back of him some big stones, and he will be working with tools that would considerably increase his stature". He added that these proposals emanated from him and his staff and that he had had "no requests from members of Congress to set up this particular organization." [37] The subcommittee of the House Committee on Appropriations, however, did not warm to the suggestion.

Congressional staffing might well be more expert than it is, but to make it too expert might create difficulty. If, for example, the Committee on Banking and Currency had an economic adviser who would brief committee members to criticize

[37] *Hearings before the Subcommittee of the Committee on Appropriations, House of Representatives on the Legislative Branch Appropriation Bill, 1941*, p. 102.

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proposals coming from the Treasury and frame cross examination for the Treasury's witnesses, experts would be pitted against experts.[88] The extreme situation would probably result if the Naval and Military Affairs Committees had their own soldiers and sailors as experts. But on this subject, as John Stuart Mill said of all great subjects, much remains to be said, and this is not the place to say it.

LINDSAY ROGERS

[88] This happened in Weimar Germany. *Cf.* Lindsay Rogers and W. R. Dittmar, "The Reichswirtschaftsrat: *De Mortuis*", POLITICAL SCIENCE QUARTERLY, vol. I (1935), p. 481.

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THE USEFULNESS OF USELESS HISTORY *

IN the preface to the first edition of a work that has long been a classic, Dicey's *Introduction to the Study of the Law of the Constitution*, published in 1885, the learned author expressed some doubt as to the utility for students of constitutional law of what he called the historical method. "The possible weakness at any rate of the historical method as applied to the growth of institutions", he wrote, "is that it may induce men to think so much of the way in which an institution has come to be what it is, that they cease to consider with sufficient care what it is that an institution has become." That is to say, too much history may be a dangerous thing, at least for students of law. But if for students of law, why not for students of any other element in the cultural complex? I leave this question with the reader for what it may be worth. Professionally, I am more interested in another question, with which Dicey did not have occasion to concern himself. May not preoccupation with an institution as it is hinder us from knowing what it was in earlier stages of its development? In the text of his treatise Dicey contrasts the constitutional historian, who is "primarily occupied with ascertaining the steps by which a constitution has grown to be what it is", and the legal constitutionalist, or constitutional lawyer, to whom "the primary object of study is the law as it now stands", and who is "only secondarily occupied with ascertaining how it came into existence." Dicey was addressing himself to students of law, not students of history, and he was not interested in considering whether the constitutional lawyer's historical vision might not be distorted by focus on the present. He was not concerned with historical visions at all, nor did he distinguish

* With apologies to Dr. Abraham Flexner, whose article on "The Usefulness of Useless Things" (*Harper's Magazine*, October 1939) suggested this title. Most of the present article was included in a paper read at the annual meeting of the American Historical Association held in New York last December.

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between different kinds of interest in the past. It was unnecessary for his purpose to do so.

There can be little doubt as to the nature of the historical interest which is in the ascendant today. Exponents of "progressive education", champions of the "new history", social scientists, journalists, and the public generally, not to mention many historians who would not subscribe to all the tenets of the "new history", seem to be in substantial agreement that the only real value of the study of the past is to explain the present. History, according to this view, is useful only for background purposes, only as giving the setting of current events; from which it follows that the importance of past events is proportional to their modernity, that what is called contemporary history is necessarily the most significant part of history, and that those who busy themselves with earlier periods of the past, without seeking to establish direct connections between them and the present, are mere antiquarians, at best harmless but at least a little queer and wholly useless.

Background history I take to be a product of present-mindedness in association with evolutionary habits of thought, and it naturally flourishes in a milieu of which the cult of the present is a salient feature and in which concepts of evolution color all thinking. I am not suggesting that present-mindedness, in the broadest sense of the term, is new. It is a truism that all thought about the past has been thought in some present, and it must always have been influenced by the habits of life and habits of mind of the thinkers, living in their presents. Even the apotheoses of the past involved in conceptions of a golden age, with which history is strewn, have owed their origin to "present discontents".

"Man hath a weary pilgrimage
As through the world he wends,
On every stage, from youth to age,
Still discontent attends;
With heaviness he casts his eye
Upon the road before,
And still remembers with a sigh
The days that are no more."

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But those were the good old days. Men cherished and revered them for what they believed them to have been, seeing in them, however myopically, the realization of their ideals. The present-mindedness that carries with it a contemptuous attitude toward everything in the past that does not seem to contribute directly to explaining the present has reached its fullest flowering in *our* present.

In the course of some reflections "On Being Modern-Minded" Bertrand Russell speaks of what he calls the "chronological" parochialism of our day as being unique in degree. "'The desire to be contemporary", he says, "has existed to some extent in all previous periods that believed themselves to be progressive. . . . But in none of these former times was the contempt for the past nearly as complete as it is now." More than a quarter of a century ago William A. Dunning, in an address which he delivered as President of the American Historical Association, referred to the cult of the timely and suggested that a spirit of temporal humility was the crying need in the study of history.

> Our pride in the attainments of our own day [he declared] distorts all our judgments of the past. In vain the master-mind of a distant generation rears with matchless ingenuity a system of institutions based on the teachings of Moses or of Numa. We follow out languidly the story of his system, no matter how precisely it fitted the demands of the time. At only one point will our interest revive, when the master-mind, by some chance, hit upon a notion that has acceptance and vogue in our own day. Here we center our attention and appreciation, and in our history of the affair make the central feature, not the ingenious adaptation of the system to contemporaneous needs and environment, but the accidental fact that there was in the situation something that anticipated the thought or achievement of the wonderful twentieth century.[1]

Those words were spoken at Christmas-tide in 1913, on the eve of the World War. Confidence in a sure and automatic Progress may have sustained some damage since then, but it

[1] *Truth in History and Other Essays by William A. Dunning* (New York, 1937), p. 18.

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is difficult to detect any trend in the direction of chronological cosmopolitanism. The twentieth century may be alarmed, but it will not be humble.

Referring to the teaching of history in our schools, Henry Johnson, a high authority on this subject, remarks, in his *Introduction to the History of the Social Sciences in Schools*,[2] that it "now revolves around current problems in about the way that history in the eighteenth century revolved around examples of conduct", the principle in both cases being, in his words, "to take out of the past only what is directly useful in the present." This subordination of history to current events has been carried to heroic lengths in some of our "progressive" schools, as when items in the morning newspaper have been made to do duty as a text for classroom instruction, to the grave discomfiture of pupils later subjected to the rigors of College Entrance Board examinations. In our colleges, likewise, the trend toward background history has been marked. Last spring a questionnaire concerning the introductory course in history was sent out under the auspices of the American Historical Association to one hundred and ten American and Canadian colleges and universities, of which sixty replied. It appears from a digest of the information thus obtained, prepared by Professor Sidney Packard, that in thirty-three of these sixty institutions the year 1940 was the stated *terminus ad quem* of the course. In eleven others no terminal date was specified. In only six was the course announced as ending before 1940. Many of our undergraduates get their only taste of college history in general "survey" and "orientation" courses designed to introduce them to the problems of contemporary civilization. Participation in the conduct of such courses of economists, governmentalists and sociologists, which is customary in some colleges, should guard effectively against the intrusion of any real interest in the past. An enthusiastic devotee of cultural and sociological history, in a work that has been hailed as the masterpiece of the "new history", asserts flatly that "history has no significance except in so far as it

[2] New York, 1932.

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enables the reader more intelligently to understand the present."

And even progressive educators and new historians are outdone in the fervor of their present-mindedness by those historical philosophers of fascism who proclaim that the present, by an act of will, should create its past in its own image, to explain and justify itself. As a notable instance of such historical creation I commend this statement made by the German Chancellor in a proclamation to his troops in May 1940: "The hour has come for the decisive battle for the future of the German nation. For 300 years the rulers of England and France have made it their aim to prevent any real consolidation of Europe and, above all, to keep Germany weak and helpless." The historical conception of an Anglo-French conspiracy in the Napoleonic period to prevent the consolidation of Europe and to keep Germany weak and helpless requires an act of creative volition of which only the master of a master race is capable.

"How we got this way" is the broad question which the social scientist puts to history, and for him events that fall outside what he takes to have been the main stream of cultural evolution have no interest. It is not difficult to understand why social engineers, absorbed in their engrossing enterprise of building a better world, should regard as futile all historical scholarship which affords no direct guidance in dealing with existing situations. A distinguished advocate of the "problem area" method in sociological investigation, in a recent book that has attracted considerable attention, seems to regard as the only legitimate objective in historical research the recreation of the past "in sharp orientation to the specific intricacies of present problems." I have a feeling that if he were Commissar of History in an authoritarian state, only background history would be tolerated.

Journalistic historians enjoy a vast repute among us today. The public gets its historical information and impressions largely from their books and articles and from reviews of their books written by other journalistic historians or even just plain journalists. As a class they are preoccupied with current

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events and trends and view the past only as a reservoir of antecedents. Many of them seek to influence public opinion on affairs and policies of the day, and some of them are sincerely convinced of their obligation to dispense sound history to the man in the street. They have their virtues. The best of them are publicists with a realistic grasp of present situations. They hope to be widely read, and therefore they must be readable—which means that they must write clearly and not put too severe a strain on their readers' attention. Some of them seem to gauge the merit of a historical work by the number of copies sold, and in some the lure of royalties is not absent. Their history, like all background history, is oversimplified, and they usually write in a hurry what he who runs may read. They have no time for patient searching in libraries and archives for "the little fact that matters", and sometimes they rely too confidently on the research of hired assistants.

Background history will continue to be written. The desire to understand present situations is surely praiseworthy, and no situation can be understood without knowledge of its antecedents. Personally, I do not believe that such knowledge of antecedents as historical study can supply fully explains present situations, though it can contribute toward an explanation. But background history is a fabric woven on the bias. It suffers from a major distortion. Those who seek to explain the present in the light of the past end by viewing the past, unconsciously, or consciously, in the light of the present.

I do not mean to imply that we shall ever be able to describe a wholly objective past. We had better recognize that subjective elements are inherent in the study, writing and teaching of history. It is not given to human beings, be their knowledge of events and their powers of interpretation never so great, to know the past, or any part or aspect of it, just as it actually was. As Francis Bacon observed in *The Advancement of Learning*, "the mind of man"—and historians are men—"is far from the nature of a clear and equal glass, wherein the beams of things should reflect according to their true incidence." The occurrence of countless events in the past is known, or, to put it more accurately, the probability of

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the occurrence is in countless cases so great that we are justified for all practical purposes in treating the occurrence as a certainty. But historianship involves a selection from among recorded events; and the historian does the selecting. He includes and omits in accordance with his sense of relevancy and significance; he organizes, emphasizes, and draws conclusions. Judgment, interpretation, psychological reconstruction, and generalization are involved in his work, and the result can never be the recovery of a purely objective past. History considered as events does not fall into definite patterns which history considered as knowledge must inevitably reproduce if the historian does his duty. All this we have been told many times. Any notion that a definitive view of an objective past can be attained through the accumulated results of the labors of generations of historical scholars is a dream of naïve enthusiasts. In physics the relativity theory, so we are told, makes it possible to transcend in conception changes in the appearance of the universe which arise from changes in the velocity of the observer's motion and thus to obtain a cosmic view that is true for all observers irrespective of the velocities of their motions. But a relativity theory for history—for any segment or phase of the past — that would enable us to transcend differences in views of the past arising from the differences in approach and method among historians is not imaginable. It is not even conceivable, for it implies the measurability of the immeasurable. To guard against possible misunderstanding I hasten to add that I am not referring here to what is generally meant by "historical relativity", the principle, namely, that events in the past were relative to the conditions of the age in which they occurred and ought to be viewed in that context. Adherence to the principle of historical relativity in this sense is, I believe, the essence of historical-mindedness.

And of course the historian is wholly dependent for his knowledge of events upon records of some kind. Not only are selections from among recorded events made subjectively *by* the historian, but a prior selection among events has always been made *for* him by the records themselves. Here we are forced to recognize a limitation to historical knowledge which

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is not subjective, not attributable to the approach or preconceptions or biases of the historian; nor, on the other hand, is it inherent in the historic process itself. It is a limitation dependent solely on the recordedness of events. The quantities of records for recent history are so vast that many of us are in danger of overlooking this consideration. The student of earlier periods has less excuse for doing so. As Pollock and Maitland remark, "The habit of preserving some written record of all affairs of importance is a modern one. . . . But it is so prevalent and so much bound up with our daily habits that we have almost forgotten how much of the world's business, even in communities by no means barbarous, has been carried on without it." The fact is, of course, that we possess records of only a tiny fraction of all the events that have occurred in the human past. No principle of natural selection has determined which ones should be recorded, and among records, masses of which have perished, no principle of the survival of the fittest has determined which ones should come down to us. The records of the Federal Food Administration in The National Archives in Washington vastly exceed in quantity all our sources for the Barbarian Invasions of the Roman Empire. Philosophies of history have not made their peace with the unrecorded, which must remain unknown and unknowable.

Incidentally, we can console ourselves even though a purely objective past eludes us. We are at least in eminently respectable company. Even physical scientists—at any rate the more philosophical among them — seem to be abandoning hope of describing a purely objective universe. This is not because physicists have turned subjective idealists and deny the existence of such a universe, but because the epistemology of physical science has shown that in the basis of physical knowledge there is a subjective element that cannot be eliminated. For observability, the test which has seemed to laymen and to non-philosophical physicists themselves to make physics the pre-eminently objective science, is not identical with actuality. In the words of Sir Arthur Eddington,

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> if we take observation as the basis of physical science, and insist that its assertions must be verifiable by observation, we impose a selective test on the knowledge which is admitted as physical. The selection is subjective, because it depends on the sensory and intellectual equipment which is our means of acquiring observational knowledge. . . . We may at first . . . be inclined to think that physics has missed its way, and has not reached the purely objective world which, we take it for granted, it was trying to describe. Its generalizations, if they refer to an objective world, are or may be rendered fallacious through the selection. But that amounts to condemning observationally grounded science as a failure because a purely objective world is not to be reached by observation. . . . Those who are dissatisfied with anything but a purely objective universe may turn to the metaphysicians, who are not cramped by the self-imposed ordinance that every assertion must be capable of submission to observation as the final Court of Appeal. But we, as physicists, shall continue to study the universe revealed by observation and to make our generalisations about it; although we now know that the universe so reached cannot be wholly objective.[3]

To return from this digression, it is one thing to realize that subjective elements are inevitably involved in historical exposition and a very different thing to suppose that historical knowledge can be nothing but a series of dissolving views as successive presents fill in their respective backgrounds. Subjectivity does not necessarily mean the projection into the past of attitudes and interests and standards that happen to be widely current in the historian's present. I know that ivory towers are in disrepute, but total immersion in the affairs of the day breeds the spirit of chronological parochialism. A selection from among recorded facts made by a scholar who, having somehow become deeply interested in some past event or situation or institution, has steeped himself in the sources, aware that the ideas and customs and institutions of a past age can be apprehended only in the light of the thought of that age, will differ from one made with the primary object of throwing light on the present or contributing to the solution of its problems. In a book entitled *The Enchanted Glass*, pub-

[3] *The Philosophy of Physical Science* (New York, 1939), pp. 17-18.

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lished a few years ago, a student of English literature, Professor Hardin Craig, attempts to penetrate beneath Elizabethan literature to the mind which it expressed.

> We . . . have been born into an age whose importance to us makes other ages inconsiderable. . . . We have said to the writers of earlier times, "We will listen to you only in so far as you talk to us about ourselves." . . . One would not question the right of every age . . . to re-read the classics, including Shakespeare, anew in the light of the view of human existence entertained in that age. Nevertheless, we may express the belief that Shakespeare's meaning, in so far as one can recapture it, is the greatest of all meanings and that, by thinking as far as possible as Shakespeare thought and feeling as he felt, one may appreciate his work more truly, deeply, and profitably than by any other critical approach whatever.[4]

From the viewpoint of progressive educators, new historians, sociologists, journalists and the general public the scholar who has permitted himself to become really interested in the past is a mere antiquarian, and the result of his labors is necessarily futile. But it is a fact — and a highly significant fact — that these laborious and derided grubbers in the records of the past, dry-as-dust as many of them may have been, have quietly and unostentatiously made fundamental reconstructions in our historical views and conceptions, correcting in detail and in gross our understanding of past events and institutions. This point was made very well by Professor Charles H. McIlwain in an address that he delivered as President of the American Historical Association in December 1936, from which the following sentences are quoted:

> The most serious defects in our existing histories of past institutions . . . lie, not in any undue suppression of modern modes of thought and action, but rather in their untimely intrusion. Thus the chief advances made in the recent study of these institutional developments have come from a recognition of such defects. And I venture to predict with some confidence that any further improvement we may ever be able to make over our predecessors in this study in the years to come . . . is likely to

[4] New York, 1936, pp. 211-212.

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be in large part the result of a still further application to history of the canon which Sir Edward Coke once laid down for law: *contemporanea expositio fortissima est.*[5]

Professor McIlwain went on to speak of changes in attitude toward particular historical problems, which "have usually come piecemeal because someone has been steeping himself in the thought and motives of some past epoch by extensive and careful reading of the records or writings of the time, and one day wakes up to find—usually to his utter amazement—that this thought or these motives and institutions are not at all the ones he has been reading about all these years in the standard modern books. Then he gets to work." Referring to historical revisions in the field of Anglo-Norman history, Professor McIlwain said, and I do not think he was exaggerating:

> They amount to a fundamental change in our notion of the whole of the social and political institutions in operation in that important period. They modify our ideas respecting almost every side of men's life at the time. None of them, however, seems to have been prompted by any feeling that earlier historians have neglected the forces of the present in their treatment of the past. . . . What really produced this great change . . . was no reading in of modern modes of thought or action, but a reading out. It has resulted from no attempt, conscious or unconscious, to rewrite this part of the past in our own terms, but rather from a realization born of careful research into the records of the time, that those records actually tell a story different from the one we have hitherto accepted as history.[6]

Whence comes this story hitherto accepted as history? It comes, in chief part, from historical writers whose selections, emphases, judgments and interpretations were profoundly affected by ideas and interests that happened to be prominent in their own day. As that great medievalist, T. F. Tout, remarked, "our natural absorption in the present has led us to study the past with minds too much set on present presuppositions. We seek in the middle ages what seems important to

[5] *The American Historical Review*, vol. XLII (January 1937), pp. 211-212.

[6] *Ibid.*, pp. 215-216.

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ourselves, not what was important to them." All backgrounds imply foregrounds, and the background historian always has an eye on *his* foreground. He seeks in the past what seems important to him in his present. This is true whether he happens to be an adherent of some particular social, political, racial or religious creed, and whether his object is to enable his readers "more intelligently to understand the present" in general, or to re-create the past "in sharp orientation to the specific intricacies of present problems."

One trait of background history is anachronism. The attempt to explain the present by reference to the past leads to the delineation of "a" past more similar to the present than "the" past actually was — and this whether the historian's purview is broad, as in the case of the textbook writer, or restricted to a single institution or aspect of human culture, say the evolution of the English parliament or the rise of democracy. It leads to what Pollock and Maitland call the besetting sin of the English legal tradition, namely, "antedating the emergence of modern ideas." The same thought has been expressed by many medievalists, for example by Ludwig Riess in his *Geschichte des Wahlrechts zum englischen Parlament im Mittelalter*, in which he threw new light on the beginning of the house of commons and on English electoral law in the Middle Ages, and incidentally called attention to the lack of historical insight exhibited by English constitutional historians in their treatment of medieval parliamentary history. Writing in 1885 he said:

> Not until the institution of the lower house had become an object of international interest did people take the trouble to trace historically its origin and beginnings. . . . In full possession of political freedom and in the blaze of the general admiration, the English could not think otherwise than that the rights which they enjoyed had been rights at all times. . . . This point of view has been retained more or less by all the English scholars until today. All of them assume that the fundamental characteristics of the modern English constitution were already present in the earliest times; that they always retained their value; that, after temporary obscurity, they again came forth in their old

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> force; and that in the consciousness of successive generations they were increasingly understood and prized. These men feel that they have done enough for the requirements of historical understanding when in the extant material they point out the oldest, clearest and most significant cases of precedent which are in accord with their previously formed opinion.[7]

During the last fifty years or so scholars have been busy reconstructing historical knowledge of the medieval English parliament on the basis of the evidence of the sources and on the principle of *contemporanea expositio fortissima est.* A well-informed account of some of these laborious researches is given by Professor Gaillard Lapsley in an article on "Some Recent Advance in English Constitutional History", published in the *Cambridge Historical Journal* in 1936. The books and articles to which he refers were not written with a view to explaining the present English constitution; they were not written by journalists, publicists, new historians, progressive educators, or present-minded sociologists. They were written by men who were not ashamed to be interested in things that happened a long while ago, call them antiquarians or what you will. (The Romans had a name for this kind of interest in the past — they called it *curiositas.*) In the process of making these historical revisions the anachronism of many cherished historical beliefs has been disclosed. The medieval English parliament has been shown to have been less like the modern parliament than had been supposed, which suggests what is true of background history in general: it exaggerates the similarities and obscures the dissimilarities between past and present, and in doing so it tends to deprive the study of history of one of its richest educational values, an insight into cultures different from our own and a resulting appreciation of the fact that the age in which we happen to live is only one among many, no more real, no more vital, no more normative than any other. If I may be pardoned for quoting some words that I have written elsewhere:

[7] This extract is taken from the English translation of Riess's monograph, *The History of the English Electoral Law in the Middle Ages*, translated by K. L. Wood-Legh (New York, 1940).

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> It is natural to think of our present ways of life, habits of thought, and institutions as normal, and to think of all others as more or less abnormal—as natural as it was to think of the earth as the center of the physical universe. Historical-mindedness in the study of the past puts us where we need to be put—in our proper place. It substitutes a Copernican for our naturally Ptolemaic attitude toward the past. The historian is an explorer in time, and the present-minded, Ptolemaic historian, who searches in the past only for "roots" and "germs" of present-day institutions, is likely to misrepresent a past age as badly as Vasco da Gama misrepresented the Hindu temple which he mistook for a Christian church. He is to be likened not to the enlightened traveller who seeks insight into a different civilization or an alien culture by living in it sympathetically and absorbing something of its spirit, but to the globe-trotter from Main Street who, from his point of vantage on the deck of a Dollar liner, applies to the passing scene the judgments of Gopher Prairie. The student of history who has never felt the need of freeing his mind from bondage to opinions and distinctions and classifications that are matter of course and commonplace in the thought of his own day has missed one of history's precious educational gifts.[8]

Another characteristic of background history, not unrelated to anachronism, is oversimplification. The scholar who carries through a piece of detailed historical investigation is impressed by the complexity of events, but he who seeks in the past only the roots of the present has a simpler story to tell. All historians have to practice abbreviation and condensation, more or less, but this does not necessarily involve oversimplification. It has been said with fine insight that "the historian is never more himself than when he is searching his mind for a general statement that shall in itself give the hint of its own underlying complexity." Oversimplified history is the basis for the belief in an orderly process of historical evolution. Events which have all the appearance of accident, being inexplicable by reference to their known antecedents, and yet seem to have had momentous consequences, are left out of the story or smoothed

[8] "Can History Educate?", *Columbia University Quarterly*, vol. XXVII (June 1935), pp. 100-101.

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down like the rough edges of a surface. When a sculptor has carved a figure out of a block of marble by removing with his chisel those parts of the stone that are irrelevant for his purpose, we usually say that he has made the figure, not that he has discovered it. If there is an analogy between the sculptor's statue and the historian's orderly evolutionary process, the reader will draw it for himself. At any rate, it is oversimplified history that is responsible for the illusion that the causes of historical phenomena can be isolated and graded according to the degree of their influence, for the conception of "fundamental causes", "inevitable results", "the logic of history", inexorable trends, *zeitgeists, et cetera.* If one stops to think of it, the proposition that the past explains the present, even though it be true, cannot be inferred validly from the fact that a historical survey seems to explain the present *when it has been constructed for this purpose.*

All signs promise a prosperous future for background history. It is assiduously cultivated in the democracies, especially in our own, and in the totalitarian countries it enjoys the immense advantage of governmental favor. In Germany National Socialism has become the vantage ground from which all German history is to be viewed. The question I should like to raise in conclusion is whether any other kind of history than background history will continue to be written. The type of historical investigation for which I have been speaking is bound up with the liberal tradition. It is preëminently individualistic. The condition of its existence is a willingness on the part of society to let queer people do useless things (useless, that is, from the standpoint of immediate social utility) so long as they are not obviously harmful to society—construct systems of non-Euclidian geometry, for example, or conduct researches in nebular astronomy. If the liberal tradition, and with it social tolerance, perishes from the earth, this type of history will perish with it. In our own country it is under attack, and from more than one quarter. There are those of us who believe that if it perishes, historiography will be immeasurably impoverished—and degraded.

ROBERT LIVINGSTON SCHUYLER

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STALIN'S NEW DEAL FOR LABOR

IT is a telling comment on the chaotic conditions prevailing in the world today that although the Soviet Union has loomed large in public discussion since the Moscow-Berlin pact, the momentous changes that have occurred in her social and economic texture have passed almost unnoticed. This puzzling state of affairs is explained, partly, by the unprecedented rigor of Soviet censorship and the consequent withdrawal from Moscow of a number of American correspondents and, partly, by the natural and legitimate centering of public interest on the European war over which the Kremlin has from the very beginning cast its dark and sinister shadow. Writers on current events have displayed commendable ingenuity in attempting to chart the future course of the Soviet ship of state without, perhaps, adding much to Mr. Churchill's felicitous observation of a year ago that Moscow was "a riddle, wrapped in mystery, inside an enigma." The recent trends in Soviet domestic policies, as disclosed in legislation and in the comments of the Moscow press, are more illuminating than speculations, however engrossing, about what Hitler said to Molotov in Berlin and what Stalin is likely to do next. Moreover, the revolutionary changes in the position of labor under the "proletarian" dictatorship shed much light on the nature and methods of Soviet "democracy", which has only too often been represented as a desirable and, indeed, necessary partner in the Anglo-American crusade for liberty and human rights.

I

A brief statement of the situation before 1940 will help to reveal the full significance of recent developments. Since the inauguration of planned economy in October 1928 the promotion of labor efficiency and discipline has been among the

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chief preoccupations of Soviet leaders. Lenin's dictum—"the productivity of labor is, in the last resort, the most important, the most essential condition for the victory of the new order"—has been continuously quoted in Moscow, but its translation in terms of practical policy in a backward country like Russia has thus far met with seemingly insurmountable obstacles. To take a striking example, the first Five Year Plan provided for raising the number of industrial workers from 11.3 millions in 1927-1928 to 15.8 millions in 1932, or an increase of 39 per cent. The plan also called for an increase of 110 per cent in the productivity of labor. The latter assignment, however, was not fulfilled while the number of workers in industry in 1932 reached 22.8 millions, or more than double the number employed in 1927-1928. The absorption by industry of some 7 million workers in excess of the planned quotas explains the disappearance of unemployment and the abolition of unemployment benefits, which were discontinued as early as October 1930. If the elimination of unemployment was a welcome, though unexpected, by-product of industrialization, the low productivity of labor to which it was in part due not only remained but was aggravated by the ceaseless shifting of workers from one job to another. Thousands and thousands of men and women were migrating from factory to factory in search of better wages, more congenial employment, and more tolerable living conditions. The turnover of labor, or, in Soviet terminology, the "fluidity" of labor, reached amazing proportions, the annual number of workers "hired and fired" greatly exceeding in certain industries (for instance, coal mining) the average number of those regularly employed throughout the year.

The efforts of the Soviet government have been consistently directed to stabilization of the labor force and to the strengthening of labor discipline, as essential conditions of higher efficiency, and to a reduction of defective production which remained extraordinarily high. The migration of workers was discouraged, first, by the introduction of labor booklets containing the full labor record of the worker, including reasons for change of employment, and, second, by making the

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right to a paid vacation and social benefits contingent on the length of employment in one establishment. The Soviet Constitution of 1936 (Article 12) sanctioned the piece-wage principle, generally and sternly enforced long before that date. Greater exertion was stimulated by an elaborate system of bonuses for the more efficient workers and deductions for those who lagged behind. "Norms" of performance for every type of work, on the fulfilment of which depends the right to the standard wage, were frequently revised upward. The Communist Party and the trade unions devoted their energies to the promotion of the so-called "socialist competition" for higher productivity among individual workers, shops and whole factories. Penalties for laxity and inefficiency were multiplied and the strictness of supervision greatly increased. Since 1938 truancy and tardiness have brought upon the delinquent worker the penalty of immediate dismissal accompanied by eviction from lodgings ("loss of living space"), a particularly dreaded form of punishment since the acute shortage of housing in most Russian cities makes it practically impossible for anyone not in good standing with the government to secure living quarters. Stringent as were these measures, never before 1940, except in the Trotsky program for the militarization of labor during the period of war communism, did the Communist leaders openly challenge the right of the working people to change employment, a right solemnly guaranteed by Article 46 of the Labor Code, the *Magna Charta* of Soviet toilers.

II

The Moscow-Berlin pact, that unprincipled bargain between the National-Socialist and the Communist dictators which was a determining factor in unleashing the war of 1939, gave Moscow the gratification of a facile triumph in imposing the Communist régime upon the newly acquired territories of Poland, Karelia, Latvia, Estonia, Lithuania, Bessarabia and Northern Bukovina. The connivance of Hitler and the protective barrier of German bayonets accomplished what twenty years of Communist propaganda and pressure were powerless

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to achieve: the forcing of the Soviet rule upon the helpless small countries of eastern Europe. But there was a reverse side to the medal: the gallant resistance of tiny Finland to the unprovoked aggression of the Russian colossus has effectively exploded the myth of the invincible Red Army and has exposed the shocking ineptitude of the Soviet system at the very time that the critical international situation and the many uncertainties of the Soviet-German quasi-alliance clamored for the reënforcement of Russia's national defense. The reorganization of the Red Army and the abolition of the preposterous institute of political commissars attached to army units (Decree of August 12, 1940) [1] restored full authority to the officers' corps, but the state of industry continued to cause the gravest apprehension. Modern war is won in workshops and industrial plants rather than on battlefields. Since the soundness of the stifling system of government ownership and Communist control is never questioned in the realm of Stalin, labor was obviously responsible for the country's sorry economic plight. The Soviet worker, therefore, was to be taught how to put his shoulder to the wheel.

The initial step in the new drive for efficiency took the form of a Decree of May 27, 1940, issued jointly by the Council of People's Commissars (the chief executive agency of the Soviet Union) and the General Committee of the Communist Party. Although there is nothing in the Soviet Constitution to justify such joint legislation by the government and the party, the practice is quite common and always indicates that the measure adopted is considered of great importance. The Decree of May 27 deals with the position of foremen (with special reference to the machine-building industry) and establishes them as the responsible leaders of the men under their supervision. The powers of foremen include the hiring and dismissal of workers (subject, however, to the approval of the shop fore-

[1] The texts of the decrees quoted in this article will be found in *Sobranie postanovlenii i rasporiazhenii pravielstva Soiuza Sovietskikh Sotsialisticheskikh Respublik* (*Collection of Decisions and Decrees of the Government of the Union of Soviet Socialist Republics*) (Moscow, 1940), and in *Vedomosti Verkhovnago Sovieta Soiuza Sovietskih Sotsialisticheskikh Respublik* (*Messenger of the Supreme Soviet of the Union of Soviet Socialist Republics*) (Moscow, 1940).

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man), the assignment of their men to various jobs, the imposition of disciplinary punishment, and the granting of monetary rewards. Foremen are made personally responsible for the care and maintenance of tools and machines, for the labor discipline of the men under them, and for the proper organization of work so as to preclude interruption and waste of time. The importance of the functions of the foremen is suggested by the scale of their wages which range, according to the plant, from 550 to 1,100 rubles a month while the average monthly wage for industry as a whole in 1938 was 289 rubles and the minimum wage only 110 rubles. Foremen, moreover, are entitled to special bonuses for the successful performance of their duties, even if the shop as a whole fails to fulfill its assignment under the plan. The conclusion is inescapable that foremen are expected to play the part of government appointed "labor bosses" clothed with the necessary powers and provided with a strong economic stimulus to drive their men to the utmost.[2]

III

The Decree of May 27 was merely a modest prelude to much more dramatic and far-reaching changes. Soviet industries and administrative services had been run in the past on the six-day-week basis, that is, five days of work were followed by a day of rest, while the seven-hour day "for the overwhelming majority of the workers" was enshrined in Article 119 of the Constitution as one of the greatest achievements of the Communist State. A Decree of June 26, 1940, issued by the Presidium of the Supreme Soviet which exercises legislative functions when the Moscow parliament is not in session, made a clean sweep of these much advertised innovations. This remarkable document, which became effective the day after its publication and applied to "all State, cooperative, and public enterprises and institutions"—that is, to practically

[2] The practical application of the Decree of May 27 led to considerable friction. A Decree of the Council of People's Commissars of October 3, 1940, abrogated an Instruction issued by the appropriate People's Commissars for the enforcement of the Decree of May 27 and substituted for it supplementary stringent regulations which were officially announced to be more in conformity with the spirit and object of the original legislation.

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every industrial enterprise and public agency in the Soviet Union—introduced the eight-hour day in enterprises formerly on the seven-hour-day basis, and the seven-hour day in those formerly on the six-hour-day basis. The only exception was made in the case of particularly dangerous or unhealthy occupations (listed in a Decree of July 1) where the six-hour day was retained. The eight-hour day was made the rule for all "employees" (who are to be distinguished from "workers") and was extended to the young people of sixteen who formerly worked only six hours. Simultaneously with the lengthening of hours the six-day week was replaced by the despised bourgeois seven-day week, with Sunday as the general day of rest.

While these were important revisions of policy the Decree of June 26 goes a great deal further. It prohibits the workers and employees from relinquishing their jobs and moving to another enterprise without special permission from the director of the factory where they are employed. The directors are allowed to grant an application for dismissal or transfer only in the following instances: (1) when the applicant is medically certified to be physically unfit for his job and there is no suitable employment for him in the enterprise, or when he has been awarded an old-age pension and desires to retire; and (2) when he has been admitted as a student in a secondary school or college.[3] Any worker or employee who has given up his job in violation of the above rule is tried by a People's Court and is liable to imprisonment for a term of two to four months. Truancy is also dealt with by the People's Court and the maximum penalty is six months of "corrective labor" and a fine of 25 per cent of the worker's earnings. A sentence of "corrective labor" for a period not exceeding six months is served "as a rule" (Corrective-Labor Code, Article 9) in the enterprise where the worker is employed. The Decree specifically provides that dismissal, the former penalty for truancy, is no longer applicable and, presumably, the delinquent worker, if

[3] A Decree of October 11, 1940, introduced an exemption for the benefit of the wives of army men who are assigned to other localities in the course of their official duties. The directors must grant the applications for transfer of such female employees in order to allow them to accompany their husbands.

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sent to a penal institution, is returned after serving his sentence to the enterprise where he was formerly employed. All such cases must be decided by the courts within five days. Directors failing to institute criminal proceedings against the violators of the Decree or hiring workers not properly discharged are themselves liable to criminal prosecution and, while the punishment for the offense is not specified, it seems safe to surmise that it is severe.

The preamble to the Decree injected a note of grim, although no doubt unconscious, humor by the sanctimonious statement that the draconian measures just outlined were enacted "at the request of the All-Union Central Council of the Trade Unions." How would the members of the unions affiliated with the A. F. of L. have reacted if William Green had urged Congress to adopt a similar program?

Another Decree of June 26 provides that the existing monthly wage shall be retained and that piece-work rates shall be scaled down in order to keep the monthly earnings at the former level, in spite of longer hours. It was not claimed, however, that this measure originated with the trade unions.

IV

The Soviet government went about the enforcement of its new labor policy with great thoroughness. The operation of the two Decrees of June 26 was extended to Machine Tractor Stations, principal government agencies in rural districts (Decree of July 17); to coöperative associations of artisans, even though some of their members engage in trade merely as a part-time occupation and carry on the work in their own cottages (Decree of July 22); and to the wood-working shops maintained by the Department of Forestry (Decree of July 24). A somewhat different treatment was reserved for the few enterprises still leased to concessionaires and other "private interests": the first Decree of June 26 is applied to such enterprises only in those provisions dealing with longer hours and the seven-day week, but it is ordered that the wages of workers employed in these enterprises shall be proportionally raised (Decree of August 16). The long arm of the govern-

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ment was not slow in reaching the labor aristocracy: the engineers, technicians, foremen and highly skilled workers and employees. Their individual labor contracts have been abrogated, and the People's Commissars are given power to assign them to any enterprise, however remote, where their services may be deemed particularly useful (Decree of October 19). Over-time and night work, formerly prohibited for young people, is now permitted for all who have reached the age of sixteen (Decree of July 12). In enterprises where the eight-hour day was in force before June 26, 1940, the standard "norms" of production have been revised upward and the piece rates downward so as to keep the monthly earnings at their former levels, in spite of the greater number of hours resulting from the introduction of the seven-day week (Decree of July 3). The number of "revolutionary holidays" has been reduced to five per annum and it is specifically provided that work on Saturdays must not be shortened (Decree of July 27). Ironically enough, one of the "revolutionary holidays" is December 5, the anniversary of the Soviet Constitution whose high-sounding promises the new legislation so flagrantly violates. Nor were the leaders of Soviet industry overlooked in the drive for efficiency and higher production. The directors, chief engineers, and heads of technical control departments have been made personally responsible for the quality of goods produced by the enterprises they superintend, and any departure from the prescribed standards has been made a criminal offense punishable by imprisonment for a term of five to eight years (Decree of July 10).

Good care is taken to prevent leniency on the part of the People's Courts, which try labor cases. A People's Court usually consists of an elected judge and two elected "people's assessors" who in rotation sit on the bench for only a short term and have equal rights with the judge in reaching a verdict. The labor cases growing out of the violation of the Decree of June 26, however, are tried *without* the participation of the assessors (Decree of August 10) and judges have been sternly warned that laxity on their part in dealing with breaches of labor discipline will make them subject to summary

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disciplinary action (Decree of July 24). The Soviet government, apparently having little illusion about the popularity of its new labor policy, is taking no chances.

V

It was believed in Moscow that the forcible attachment of workers to their jobs would introduce some coherence into Soviet industrial relations. But even had this object been achieved it would not have remedied the chronic shortage of skilled labor, which is rightly looked upon as one of the basic causes of the low productivity of Soviet enterprises. The next logical step—the compulsory enrollment and training of the younger generation—was taken by the Decree of October 2, 1940, which provided for an annual draft of 800,000 to 1,000,000 boys to be trained for trades and drafts. Boys of fourteen to fifteen are sent to Trade Schools and Railroad Schools which offer a two-year course; boys of sixteen to seventeen, to Factory Training Schools where instruction is limited to six months. There is no tuition charge in these schools, and the students, who receive maintenance from the State, constitute the State Labor Reserve. The young workers when trained are at the disposal of the Council of People's Commissars, are under obligation to serve for four years after graduation wherever they are sent, and are to be paid standard wages. Since the Decree of June 26 forbids anyone to relinquish his job it would seem that the paternalistic Soviet government is to decide once and for all what the work of each young man is to be in life—at least so long as the present legislation is in force. Labor conscription applies to both the urban and the rural population, and the collective farms, which are in theory voluntary coöperative associations, have to contribute two young men per each one hundred members of either sex in the age group 14 to 55. The graduates of the new schools are exempt from military service until the completion of their four-year term of obligatory work. Military service seemingly offers the only loophole of escape from the enterprises to which the young men are assigned on graduation.

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The Decree of October 2 was authoritatively described in an editorial in *Izvestia* as "a new measure for strengthening the economic and military power of the Soviet State." A Central Labor Reserve Administration was set up at once, and 600,000 youths were mobilized in November and began training on December 1, 1940. Volunteers were also admitted within the provisions of the quotas. The 250,000 students sent to the Trade Schools and the Railroad Schools were selected from boys who had completed four years in elementary schools, and their uniforms, together with underwear, shoes and books, are supplied by the State. In addition to professional instruction they are to receive military training, and there must be an instructor for each 25 students. The 350,000 students in the Factory Training Schools need not have had any previous school training (a curious rule in a country which has for years claimed to have general compulsory education of all children) and they receive neither uniforms nor military training. In these schools there must be one instructor for each 30-40 students, and those students who are not local residents are to live in dormitories.

The Soviet press greeted the labor conscription order with the usual chorus of unqualified approval, and newspaper columns were filled with the standardized expressions of gratitude to Stalin's unfailing wisdom, rather pathetic messages strongly suggestive of official inspiration. The training of skilled workers is, no doubt, a commendable venture, although it seems strange that Russian boys must be conscripted in order to make them go to school. It is, moreover, extremely doubtful whether in the brief period between October 2 and December 1, 1940, the government has succeeded in overcoming the immense difficulties of providing adequate scholastic and living facilities for the huge army of 600,000 men. The plight of industry must be dire indeed to call for so drastic a remedy.

VI

It was probably more than a mere coincidence that on October 3, the same day that the Soviet people received the glad tidings of labor conscription, the Moscow papers displayed prominently an official announcement released by TASS (the

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official news agency) knocking down another pillar of that "new civilization" that Sidney and Beatrice Webb so greatly admire. The Communist leaders have taken legitimate pride in the fact that schools in the U.S.S.R., from the lower grades to the universities, were free and that the right to free education was guaranteed to Soviet citizens in Article 121 of the Constitution. According to the TASS statement, the Council of People's Commissars has abolished free instruction in the three senior years of the secondary schools and in all colleges and universities. Tuition fees in secondary schools now vary from 150 to 200 rubles per year and in higher schools from 300 to 500 rubles. Scholarships in the future are to be given only to students of outstanding accomplishments, and the fees for the first semester of the academic year 1940-1941 were to be paid not later than November 1, 1940. The "higher level of the income of toilers" and the heavy burden of expenditure for education were officially given as the reason for this surprising measure.[4] If we recall that the average monthly wage of a Soviet industrial worker in 1938 was 289 rubles and the minimum wage 110 rubles, while the income of the majority of farmers is probably considerably below this very modest level, it will appear that higher education is to be reserved for the privileged group of Soviet bureaucrats fortunate enough to be in the upper income brackets. The sudden announcement of October 3 must have come as a stunning blow to thousands of Soviet boys and girls who were forced to abandon their studies and who saw their dreams of an academic career fade like smoke in the thin air. Characteristically enough the

[4] The TASS announcement reproduced faithfully the provisions of a Decree of October 2, 1940. Its operation was extended by a Decree of October 12 to all "technical, pedagogical, agricultural, and medical schools and other professional secondary schools." Students taking correspondence courses (Decree of October 2) or evening courses (Decree of November 1) pay half of the regular fees while those enrolled in the "military faculties" attached to colleges and universities continue to receive free tuition and maintenance (Decree of October 31). A Decree of October 12 specifically provided that all students who have failed to pay their fees by November 1, 1940, must be dropped, and that scholarships may be granted only to those students who have an academic record showing two thirds of their marks as "excellent" and the balance as "good".

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Soviet press made no comment on this momentous decision which has drastically curtailed one of the Soviet citizens' most cherished constitutional rights; presumably newspaper editors and public bodies were too busy, voicing the country's unbounded gratitude to Stalin for forcing boys into training in the crafts, to notice that the doors of the higher schools had been slammed in the face of the overwhelming majority of Soviet youth.

VII

The methods adopted by the Soviet government for the promotion of efficiency have reduced the working people to a condition verging on bondage. The sacrifice of personal liberties has been accepted by many countries in national emergencies, although never before in modern times, not even in Hitler's Germany or Mussolini's Italy, have restrictions on personal freedom assumed the repugnant and brutal character that permeates Stalin's recent legislation. The real and important question, however, is whether these policies are likely to achieve their object. Historical analogies must always be used with the greatest caution, yet Russia's past history suggests certain parallels that naturally come to the mind of those familiar with that tormented country's unhappy record. In the middle of the seventeenth century the very pious Tsar Alexis produced Russia's first comprehensive code which attempted to prohibit all movement of the population and to pin each individual to his habitat and occupation, as children pin down dried butterflies in glass-topped cases. The result was that thousands of people took to the road and that cities and villages lost an almost incredibly large proportion of their inhabitants. In the first quarter of the eighteenth century Peter the Great, whom Stalin is said to admire, created the first Russian large-scale industrial enterprises. These were based on convict and servile labor and proved a lamentable failure. Russian industries, which made considerable progress in the first half of the nineteenth century, employed exclusively free labor,[5] although

[5] The labor force in industry was supplied by serfs, who paid their landlords a specified annual sum and were free to take employment wherever they could find it.

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serfdom was not abolished until 1861. Conditions, of course, have greatly changed since those remote days and those who nurse an emotional attachment for the first "proletarian" State might well argue that Stalin's People's Courts will succeed where the knout and the torture chambers of Alexis and Peter failed. Conscript labor in modern times is not a novel idea. It is a leaf taken from the book of Leon Trotsky who strongly advocated and partially succeeded in introducing compulsory labor during the Russian civil war in 1919-1920. These policies have since been sternly condemned by the Communist Party and by Stalin himself—only to be revived in a most ruthless form in 1940.

The Moscow dictator has often expressed his profound admiration for American industrial technique and methods of mass production. To transplant them to the Russian soil is the great ambition behind his recent labor legislation. What he has failed to grasp, however, is that the greatness of American industry and its technical achievements are the product of an economic system based on competition, private enterprise, and free labor. Divorced from their natural environment and entrusted to the hands of Soviet bureaucrats and workers, both laboring in the strait-jacket of planned economy under the threat of arbitrary and severe penalties, up-to-date machines and refined industrial processes are shorn of much of their seemingly inherent virtues. Bureaucratic fetters are incompatible with business efficiency, and it is the major tragedy of Soviet industry that bureaucratism is the very essence of the Communist State.

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CONSERVATIVE REACTION AND ONE MAN RULE IN ANCIENT GREECE

DURING the last few decades democratic governments have been replaced by various forms of dictatorship in a great many countries. In the majority of these cases the rise of dictatorship has been favored by reactionary groups. It may therefore be of some interest to survey a period in which similar problems prevailed.

Although historical analogies have often been used with rather disastrous results in recent political discussions, it may, nevertheless, be useful to make a few remarks concerning this general problem. From the fact that something has happened once, it does not follow that it will happen again in different circumstances. It would, for instance, be a mistake to assume that Russia could not be conquered now because Napoleon failed in his attempt; for he failed on account of a transport problem, and transport conditions are very different from what they were a hundred years ago. On the other hand, it would be equally rash to draw the conclusion that historical analogies are of no value whatever. All human experience is, in the last resort, based on the observation of analogous situations. No intelligent action is possible unless it be guided by experience, and the acquisition of historical knowledge is a perfectly legitimate attempt to extend our experience beyond the very short limit of our lives. The question, therefore, is not whether we want to make use of historical analogies or not—since we are always making use of them either consciously or unconsciously—but how to use them intelligently.

The first prerequisite for an intelligent use of historical analogies is the determination and distinction of *all* the essential factors which have contributed to a political or social trend, or entered into a historical situation. The present study, however, will deal with factors of a certain kind only; that is, it will deal only with the *reactionary* forces that contributed to

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the trend toward the principle of one man rule which can be observed in the fourth century. Its value, if any, lies in the fact that certain factors, which also play an important part in present trends, are more clearly visible in their nature and consequences when viewed in connection with a development which can be surveyed from the beginning to the end. But nothing is farther from the intention of the author than to present a sweeping thesis which explains everything. He is neither of the opinion that the change from democratic government to one man rule has always been caused by reactionary forces, nor does he believe that it has ever been brought about by reactionary forces exclusively, either in the fourth century or in any other time. He realizes that the present situation is not in all respects the same as that of the fourth century. He does, however, believe that such a study as this can reveal certain historical factors which are not always seen in their full importance. To throw light on these factors is his very restricted purpose. It must be left to the reader to see them in their right perspective and in connection with other factors which are perhaps of no less importance.

There is one difference between the Greek aristocracy of the period in question and present-day reactionary circles—at least in most European countries—which has to be mentioned at the outset. By tradition Greek aristocrats had been, if anything, more fervently opposed to the principle of one man rule than their democratic opponents. This was the result of the historical development. The aristocratic régimes which prevailed in all the leading Greek states from the eighth to the middle of the sixth century, and in some of them for a much longer period, had been established either through the overthrow or peaceful abolition of tribal kingship[1] or by its severe constitutional restriction, as in the case of the most conservative of Greek states: Sparta. On the other hand, the upsurge of the lower classes against their aristocratic masters, in most of the cases, had not immediately resulted in democracy, but in a type of one man rule called tyranny, the tyrant being an aristocratic

[1] *Cf.* M. P. Nilsson in *Sitzungsberichte der Akademie der Wissenschaften in Berlin* (1927), Phil.-Hist. Klasse, pp. 23 *et seq.*, especially pp. 35 *et seq.*

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leader who won ascendancy over his aristocratic equals by the support of the masses, or rather the wealthy among the non-aristocratic citizens. So it was natural that later in the overthrow of tyranny the aristocrats, most jealous of equality within their class, had taken the leading part; and the name of *tyrant*, though originally not possessed of any derogatory meaning, was still most hateful to all reactionaries and aristocrats, even in the fourth century. It is a sign of the extremely strong intrinsic pressure of certain political or social constellations, which may recur again and again in the course of history, that these same circles for a considerable length of time became the advocates of a form of government which had been most hateful to them by long tradition.

The change of mind in certain circles of the aristocracy, especially at Athens, which finally led to the advocacy of one man rule, began comparatively late in the fifth century and at a time when the Athenian constitution had been completely democratized over a considerable period. This delay in the rise of radical reactionary tendencies may be attributed to the fact that for a long time after the democratization of the constitution actual political leadership still remained with the old families, and this was true to such an extent that both the oligarchic and the democratic parties had uninterruptedly been led by members of the aristocracy. This kind of political leadership, of course, had nothing whatever to do with one man rule, since it kept strictly within the limits set by the democratic constitution. It was not based on privilege, prerogative or coercive power, and only to a small degree on the influence of wealth, but mainly on the fact that the masses had still so much respect for the superior qualities of the aristocrats, their military and political experience, their education, the elegance of their appearance and their manners,[2] that they could not conceive of any other leaders. But just because their leader-

[2] The example of Alkibiades (*cf.* Plutarch, *Alcibiades*, 2 *et seq.*) shows that *épater le bourgeois*, even by aristocratic extravagance, could contribute to political success. One should not underestimate the importance of this element in the Greek situation, because it is foreign to this country.

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ship was built on no more solid ground, there was bound to come a time when it would break down.

This is what happened during the first phase of the Peloponnesian War after the death of Perikles, the last aristocratic leader of the democratic party, and it happened very rapidly. There were, of course, still aristocrats who were elected to high offices and had considerable political influence, notably Nikias and later Alkibiades, but at the same time there rapidly rose up a number of middle-class politicians, Kleon, Hyperbolos, and others, who gained ever increasing influence in the assembly of the people.

The rise of this new type of politician, whom the ancients called demagogue or leader of the people, may be ascribed to three main causes: to the upheaval caused by the war, to the fact that the splendor of the old aristocratic traditions had begun to fade out under the influence of new ideas, and to a new and coarser type of oratory practiced by the new political leaders. It is natural that the aristocrats who had borne the abolition of their constitutional prerogatives with remarkable equanimity accepted this new situation with somewhat less good grace. It is equally natural that the ambitious youths among them, who had been brought up in the expectation of a career of political influence and leadership, resented the intrusion of a new type of politician even more than their elders. They sought a remedy and they found it in the very things which had brought about the change in the situation. This caused the curious blend of reaction and radicalism which is characteristic of the reactionary leaders of the late fifth century.

The new ideas and a new oratory had been brought to Athens from abroad. They had originated in the Greek colonies in the East and in the West, where the Greeks lived in close contact with a great many different and, in many cases, older and superior civilizations. The enormous variety of religious, cultural, social, political, and to some extent even moral traditions which they found there had made them skeptical of all traditions, including their own.

From this there sprang two new trends of thought. The first was a trend toward investigation into the real and funda-

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mental truth, unbiased by tradition. This was the origin of Greek natural science and indirectly of modern science also. The fundamental philosophy underlying this new type of investigation is most clearly expressed in the two concepts of φύσις and νόμος, nature and convention or tradition. Φύσει or natural, in this sense, was what had been found out by unprejudiced investigation and speculation, in contrast to that which was believed, because others had believed it before. But φύσει was also what people do or ought to do or what it is right to do, because it is in agreement with human nature, while νόμῳ was what is done by convention or under the influence of tradition. It was therefore a criterion of φύσει that all nations more or less agreed with it, while mere conventions vary from one nation to the other. This theory has also a practical application, since what is νόμῳ can be changed, while what is φύσει cannot.

The second trend was toward a still more general skepticism. Considering the enormous variety of opinions, beliefs, tastes, and even of perceptions of the same thing by different people and under different conditions, it seemed doubtful whether any thing had any objective qualities in itself or whether it had for every individual the qualities with which it appeared to him. This is the sense of Protagoras' famous saying that man, that is, the individual, is the measure of all things.

This theory too had a practical application. It seemed possible for a man to *make* things appear to others so that the result would be most pleasant for himself. On the basis of this theory Protagoras and other sophists developed a new technique of persuasion which could be used in private life, in law courts, or for political propaganda, and which was supplemented by Gorgias' invention of a new sounding and pompous oratory.

These new ideas and techniques were brought to Athens by philosophers and sophists and after a while spread also, though in a more diluted form, through discussion and conversation. But it was the aristocratic youth that flocked to the lectures of these people. For they were the ones who were most eager to learn and who were best able to pay the very high fees

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which the sophists demanded for this instruction. Above all, however, they hoped to find in the new technique of persuasion and in the new oratory a means toward regaining the political influence which their aristocratic birth and education could no longer procure them.

The new ideas, on the other hand, found a very different reception in the different classes. The true conservatives were naturally not in favor of them. The middle classes were sufficiently influenced by them to become less impressed by the splendor of aristocratic tradition, but stuck, on the whole, to their traditional religious and moral tenets. They saw to it, for instance, that such philosophers as Anaxagoras, Diagoras, and others had to leave the city on account of their atheism and other heresies. Most of the sophists, therefore, were careful not to hurt the feelings of these classes too much, when discussing political and moral questions; for they knew very well that their position as aliens was always precarious.[3] It was again the young aristocrats who took up the new ideas most eagerly and developed them to their most radical consequences.

Plato's uncle Kritias,[4] Antiphon of Rhamnus,[5] Thrasymachos of Chalkedon,[6] and others made an entirely new application of the notions of φύσις and νόμος. According to their theory all human laws, including the moral laws which are common to all nations, were mere conventions. If one looked at nature as a whole, they contended, it became apparent that

[3] Plato gives a brilliant description of this more cautious attitude of the older sophists as compared with their Athenian disciples in the *Protagoras* and the *Gorgias*. See also E. Schwartz, *Gnomon*, II (1926), p. 76.

[4] H. Diels, *Die Fragmente der Vorsokratiker* (5th ed.), vol. II (Berlin, 1937), pp. 371 *et seq.*

[5] *Ibid.*, pp. 334 *et seq.*; see especially frgt. 44 = Papyr. Oxyrhynch., XI, n. 1364. As to the identity of the sophist with the orator see W. Aly, *Griechische Literatur* (Leipzig, 1925), pp. 144 *et seq.*

[6] Diels, *op. cit.*, pp. 319 *et seq.* A comparison between frgt. A 6a and frgt. B 1 (pp. 322 *et seq.*) is especially illuminating, since it shows how the same man who held the most radical opinions could, for purposes of practical politics, talk and write like a true conservative, interested only in the preservation and restoration of the good old tradition, and, of course, for the benefit, not of a small group, but of the whole community.

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it was always the "better", that is, the physically stronger and mentally more gifted, who ruled the others, and that they did so for the benefit and in the sole interest of the ruler and not of the ruled. Nature knew of no right but the right of the stronger and the better. All the moral and political laws which were at variance with this natural law were nothing but an invention of the weak by which they tried to deprive the strong of their natural right and prerogative. The born aristocrat, however, must shake off the fetters of these effeminate moral and political doctrines and must by force or deceit, or by whatever means he sees fit to use, regain the rule which is his by nature.

This doctrine gave an excellent foundation to the struggle for political power of the most radical and ruthless among the aristocratic youth. But there were also some intrinsic difficulties. It was meant to be an aristocratic theory: a theory of the right of the strong men, not the strong man. This was natural, for the adherents of the doctrine were a group of young aristocrats, whose aristocratic pride would not have allowed them to submit to the absolute rule of one man, even from their own class. The logical consequence of the theory, on the other hand, is really the principle of one man rule. It is usually one animal that rules or leads a flock, a pack, or the like, not a minority group. If the stronger has a natural right to rule over the weaker, there is no reason why the strongest should not rule over all others. Even the slogan in which the theory was most commonly expressed—δίκαιον τὸ τοῦ κρείττονος συμφέρον: just is what is to the advantage of the stronger—expresses this quite clearly, since it speaks of the stronger in the singular. Political conditions and traditions prevented the authors of the theory from drawing this conclusion in their writings, at least in the beginning. But in practice the logic of the theory proved irresistible.

The history of the first reëstablishment of an oligarchic régime at Athens in 411 is very complicated and would require an analysis of its own.[7] Since this cannot be attempted here

[7] The story is told by Thucydides, VIII, 53 *et seq.*

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it must suffice to point out that everything turned around one man: Alkibiades. It was on his demand that the people agreed to abolish democracy under the pressure of severe military setbacks, since he had made this the condition of his return from exile. In the struggle between radical oligarchs, moderate conservatives, and democrats which followed and soon assumed violent forms he tried to act as mediator. It is most likely that he would have been able to establish a more lasting oligarchic régime if he had been willing to concentrate all actual power in his own hands and to suppress his opponents by force. But though without moral scruples and a master of political intrigue, he was not a man of violence. So the oligarchic régime broke down after a short while and in the course of complicated struggles within the aristocratic party itself.

The issues and determining factors of this struggle stand out much more clearly in the history of the second attempt to establish an oligarchic régime at Athens after the final defeat suffered in 405 by this country at the hands of Sparta. As in 411 the main problem was: who should belong to the ruling minority and who should not? The aristocracy by birth had been largely superseded by an aristocracy of inherited wealth as far back as the early sixth century. Even among the leaders of the radical reactionaries there had been men like Antiphon [8] who did not belong to one of the old noble families, and yet considered themselves as "better men", entitled to participation in the absolute rule of the strong over the weak, which was to be established according to the laws of nature. There was, therefore, no clear-cut and easily recognizable line between those to be included in the ruling class and those to be excluded. There naturally ensued a struggle between the radicals who, following the logic of the strong man theory, wanted to restrict the number of the participants, and the moderates who wanted to extend it. This time the radicals were victorious with the help of Sparta, and Theramenes, the

[8] Antiphon was executed in 410 for conspiring with the foreign enemy, but the fact that he had been not only one of the theorists of the extremists, but one of their most active leaders in their struggle for power in 411, is none the less significant.

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leader of the moderate conservatives, was executed. From then on actual power became more and more concentrated in the hands of the most ruthless of the oligarchic leaders, Kritias, while the government remained nominally oligarchic. A short time later, however, when Spartan support lagged in consequence of dissension among the Spartan leaders, the whole régime again broke down and democracy was restored at Athens.[9]

This course of events is extremely interesting. In this instance at least, the tendency toward one man rule was a consequence, not of conservative reaction as such, but rather of the radicalism which the young aristocrats adopted when they were frustrated in what they considered their legitimate political ambitions. The antagonism between this radicalism, which did away with all traditional values and even with the most elementary laws of common morality, on the one side, and the conservative philosophy of life, on the other, was in many respects much greater than the difference between the fundamental convictions of the old conservatives and those of their democratic opponents, who after all adhered, on the whole, to the same moral principles. Yet in 411 as well as in 405 the conservatives and the radical oligarchs worked together in order to overthrow democracy, and necessarily so, since the conservatives would not have been able to gain power without the driving energy of the extremists nor the extremists without the more solid support of the conservatives. But each time, the conflict broke out soon after the oligarchic régime had been established and ended in its downfall. There is also some irony in the fact that the "strong man" Kritias could hold his power only as long as he was supported by a foreign country, Sparta, and that this very country, the stronghold of oligarchy in Greece, had always been the traditional enemy of dictators and tyrants.[10]

The oligarchic régime in Sparta was of a different character from that of the oligarchies in most of the other Greek cities,

[9] For the whole story see Xenophon, *Hellenica*, II, 3, 1 *et seq.*

[10] One may perhaps also mention the fact that it was with the help of the Spartans that in 511-10 the Athenians freed themselves from their tyrants.

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including pre-democratic Athens. It was the rule of a conquering tribe over a subjected native population. A rule of this kind was naturally much more rigid than that of the ruling aristocracy in any other city where rulers and ruled belonged to the same tribe or nation. It was, therefore, also much more difficult to maintain this rule, and it required a much more rigid discipline within the ruling class itself. This is the origin of the well-known Spartan institutions: the rigid laws and customs, the cruel education of the young,[11] the common dinners, the continuous military training and preparedness. Even so, however, if we can trust the evidence found in the early poets, Spartan life must have been a good deal less austere in the earlier times than in the period in question. This is easily explained by the fact that the number of Spartan citizens had continuously decreased in relation to that of the subjected populations. In addition, there were the continuous foreign wars. It is perfectly understandable that in 433 the conservative Spartans were extremely reluctant to enter into a war against Athens.[12] The strain of this life on the individual members of the ruling class must have become almost unbearable.

Yet the rigidity of the laws, the traditional spirit of the community, and, above all, the necessity of the situation made it impossible for anyone openly to express dissatisfaction, much more to break the rules. Even king Pausanias, the victor of Plataeae, had failed when he tried to break the old traditions.[13] But the desire to get away from this drab life was no less strong for all that, and the successes of the Spartans in the second half of the Peloponnesian War finally offered an escape to many.

[11] Even if, as has been proved recently, some of the most cruel customs, as, for instance, the flogging of the young at the altar of Artemis, had originally a purely religious meaning, there can be no doubt that their preservation was due to political considerations and that they later became a part of the educational system.

[12] Thucydides, I, 79 *et seq.*

[13] *Cf. ibid.*, I, 94 *et seq.*

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Wherever the Spartans succeeded in conquering a community which formerly had belonged to the Athenian confederacy, they at once installed an oligarchic régime. On account of the strong democratic opposition, which could not be crushed altogether, they had in most cases to leave a small garrison in these cities under the command of a Spartan citizen. These commanders, as their title ἁρμόσται indicates, were also supposed to bring about an internal settlement by more or less mild pressure on both parties and to see to it that the policy of the city was in agreement with that of Sparta. Officially they had the status of representatives of Sparta accredited to a friendly government, but in fact they often wielded almost unlimited power. These positions were naturally very much sought by outstanding Spartans.[14] They offered a possibility of getting away from the stern discipline of the homeland and at the same time satisfied the traditional desire of every Spartan for command and domination over others. The curious kind of one man rule exercised by these *harmostae* was, of course, precarious. They had to obey the orders of their home government, and it happened not infrequently that they were called home on the complaint of the government to which they were accredited, when they abused too much the power which they wielded. But it was natural that these men were no longer quite fit for the life of stern discipline which they had to live in the homeland once they had tasted the liberty and discretionary power of such a position. This flight of individual citizens from the strict control exercised by the community was one of the signs of the internal disintegration of the leading oligarchic state, which began at the very time of its greatest triumph and when oligarchies were established all over Greece.

The same process found a still stronger expression in the career of Lysander.[15] Descendant of a family which claimed to trace its origin to Herakles, the mythical ancestor of the

[14] For a discussion of this tendency and of its implications see Xenophon, *On the Constitution of the Lacedaemonians*, XIV, 4 *et seq.*

[15] For what follows compare Plutarch, *Lysander*, and Xenophon, *Hellenica*, I, 5, 1 *et seq.*, and II, 1, 7 *et seq.*

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Spartan kings, but had not played a prominent part in the political life of Sparta, Lysander had suddenly risen to prominance in 407, when, as commander of the Spartan fleet, he gave the war a new turn through his energy and his military and diplomatic skill. His renown was increased still more when, after the year of his command was over, the Spartans again suffered serious reverses. Under the pressure of the military situation, the Spartan government was even willing to dally with the constitution. Since repetition of the same command was illegal, Lysander was made actual commander of the fleet without the title. It was then that he dealt Athens the decisive blow and brought to an end the war which had lasted for twenty-seven years with a short and precarious interruption. He compelled the Athenians to tolerate the oligarchic régime of Kritias and established oligarchies, which were dependent on Sparta, all over the Greek islands and in Asia Minor.

Yet here again the complete victory of the oligarchic principle proved to be the beginning of its decay and later downfall. The man who had won this victory, who had appointed Spartan governors in numerous Greek cities at his will and pleasure, who had received heroic honors in Samos and in other places, and who erected a memorial of his victories in Sparta itself during his lifetime—a thing which until then had been unheard of in this austere oligarchy [16]—no longer fitted into the political structure of his home country with its principle of strict equality between all citizens who possessed full rights of citizenship. He could not very well come back and be just one of them. The Spartan government recognized this to some extent by entrusting him continuously with important commands and diplomatic missions. But when, during the following years in Asia Minor, he tried to act the master in the presence of King Agesilaos whom he considered as his tool because he had helped him to the throne, the King, while avoiding an open conflict, with great diplomatic skill managed to push him into the background.[17] This proved unbearable to the man who had been accustomed to playing the dominat-

[16] Pausanias, III, 17, 4.

[17] *Cf.* Xenophon, *Hellenica*, III, 4, 7 *et seq.*

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ing part wherever he went, and during the last few years of his life he seems to have engaged in the most dangerous intrigues. Ancient tradition has it that he tried to bribe the Delphic Oracle in order to bring about a change in the Spartan constitution. He wanted to replace the hereditary double kingship by an elective monarchy, in which he would have become king: of course with much greater discretionary power than the Spartan kings had ever possessed during the last few centuries.[18] The forces of tradition seem to have rallied against this imminent danger. His first attempts failed, and it is doubtful whether he would have finally succeeded if he had lived. As it was, an open conflict was avoided through his premature death in a battle in 395.[19] But the history of his last years shows how near the oligarchic stronghold, Sparta, came to the establishment of an actual, if not a legal, one man rule, a few years after similar tendencies had prevailed in Athens.

The situation in Sparta had been different from that in Athens. There had been no democratization, so there could be no reaction against it. Yet in both cases it was the weakness of the oligarchic régime, or party, which caused the trend toward one man rule. Lysander's career was made possible through the internal decay of the Spartan system and the desperate struggle which the ruling class had to fight against pressure from below and threatening dangers from without. In the period of consolidation which followed the victory in the great war, Lysander's attempts were defeated. But the general trend remained the same. The various attempts at internal reform which followed in the next century and a half were all of them connected with a tendency to strengthen the power of the kings and ended with the dictatorship of the tyrant Nabis.

After the first decade of the fourth century violent reaction had spent its force and the political struggle became languid. External and internal strife did not cease, but there was a

[18] *Cf.* Ephoros in Plutarch's *Lysander*, 24 *et seq.*; Diodoros, XIV, 13; Aristotle, *Politica*, V, 1, 5.

[19] See Plutarch, *Lysander*, 28, 5.

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general flight of the intellectual leaders from personal political responsibility. Their interest in politics did not decrease but rather increased. But it is significant that for the next fifty years the political tendencies find their strongest expression, not in the actual political events, but in literature.

This literature was very strongly influenced by a man who during his lifetime had been of little political importance: the philosopher Socrates. The background to his activity was the situation of the last decades of the fifth century, when the traditional values began to lose their hold on the people, when even the moral principles became uncertain, and when the young were strongly attracted by the new ideas brought to Athens by foreign philosophers and sophists.[20] He realized that it was impossible simply to go back to the old traditions, but considered the new ideas as of doubtful value. He therefore tried to cure skepticism by more skepticism.[21] He had no ready-made doctrines about anything, but a few fundamental convictions. He was convinced that if a man would only dig deep enough in his investigation of the truth, he would by necessity also become righteous, just and virtuous. He therefore tried to prevent the people with whom he associated, and especially the young, from becoming easily satisfied with the principles which they had taken over from their elders or with the doctrines or opinions of their new radical teachers. This was the sense of his unceasingly questioning everybody. His aim in doing this was essentially a moral, not a political one, but his questions had necessarily political implications.

At the time of almost unlimited democracy he pointed out the strangeness of the fact that everybody considered himself fit to have a voice in decisions concerning the most vital interests of the whole nation, while nobody would dare to take a medicine, or to perform an operation either on himself or on

[20] See *supra*, pp. 54 *et seq.*

[21] For a more detailed analysis of the relevant features of Socrates' philosophy and method see the excellent survey of M. Cornford in the *Cambridge Ancient History*, VI, pp. 306 *et seq.*, and my articles in *Hermes*, LXII (1927), pp. 467 *et seq.*, and in Pauly-Wissowa, *Real-Enzyklopaedie*, Supplement-Band V, pp. 707 *et seq.*

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a relative, without consulting an expert physician. Under the oligarchic régime of Kritias, on the other hand, when any number of citizens were killed or exiled by the rulers, he pointed out that he was a strange shepherd who decreased the size of the flock instead of increasing it by good management.[22] His aim in making these criticisms was not to advocate replacement of one form of government by another, but to reform the politicians, or rather to educate a generation of more responsible future statesmen.[23] It was therefore quite natural that during his lifetime he had no influence whatever on actual politics and relatively little on political theory. He succeeded only in making the politicians of all parties furious by his unsparing criticism, which made them appear ridiculous in the eyes of the young, so that they finally killed him. It was after his death, when some of his disciples had become intellectual leaders of their epoch, that he exercised his widest influence.

As usually happens, however, his philosophy was not taken over by others without undergoing certain changes. There can be no doubt that he was of the opinion that the wise and virtuous should govern. One may call this an aristocratic principle. But one should be aware of the fact that not even the most perfect democracy can completely dispense with it. There

[22] *Cf.* Xenophon, *Memorabilia*, I, 2, 32 *et seq.*

[23] A. D. Winspear and T. Silverberg, in their recently published book *Who Was Socrates?* (The Gordon Company, 1939), contend that in the later years of his life Socrates had strong oligarchic leanings and belonged to the party of the moderate conservatives, led by Theramenes. They have the indubitable merit of having drawn attention to the political side of Socrates' philosophy, which had been sorely neglected in most recent publications. But it is scarcely possible to accept their conclusions. They start from the axiom that any man who is strongly interested in politics must necessarily adhere to a political party. Since Socrates undoubtedly ridiculed certain aspects of Athenian democracy in action and since he also got into trouble with Kritias and the radical oligarchs (Xenophon, *Memorabilia*, I, 2, 33 *et seq.*), the conclusion is then inevitable that he belonged to the moderates under Theramenes. But the axiom is of doubtful validity, and the tradition is all against it. Socrates was executed under a government of right wing democrats, to be sure, rather than of left wing aristocrats, but at a time when Theramenes was held up by the governing party as a model of sound policy and as a martyr who had died for a good cause. It will therefore perhaps be wiser to accept it as a fact that once in so many centuries there happens to live a person who is strongly interested in politics and yet does not adhere to any existing political party.

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always has to be an executive, and no reasonable man wants the corrupt and the ignorant to wield the executive power.[24]

On the other hand, it is easily understandable that the reactionaries took up the Socratic principle and distorted it so as to make it suit their own purposes. A very naïve expression of this tendency can be found in the treatise *On the State of the Athenians*, which has come down to us among the works of Xenophon, but was written by an unknown oligarch of the late fifth century.[25] This man considers it as axiomatic that the upper classes are more capable than the lower classes. For this reason, he thinks, they are entitled to rule, since the community as a whole will be better off under their government than when governed by representatives of the poor. At the same time, however, he candidly admits that the wealthy will administer the state primarily for their own benefit and that the poor might therefore be justified in the belief that they personally would be better off when governed badly and incompetently by members of their own class than under a capable and competent upper-class government.[26]

No such candid expression of the oligarchic point of view can be found anywhere in the political literature of the fourth century. The authors of this epoch blend the Socratic ideal with oligarchic prejudices in a much more subtle way. This is not the result of a lack of sincerity on their part, but rather because of the fact that the experiences of the preceding decades had taught them—and this includes even those among the political theorists of the fourth century who were opposed to the Socratic schools—a much fuller appreciation of Socrates' fundamental principles.

[24] One may, perhaps, also draw attention to the fact that, when representative government was advocated for the first time as a solution of the problem how the principle of democracy could be applied to a large country in which it is impossible that everybody take part in political decisions, it was done on the ground that the people would naturally elect the wisest and the most disinterested as their representatives.

[25] *Cf.* Margot Kupferschmid, *Zur Erklaerung der pseudoxenophontischen* ΑΘΗΝΑΙΩΝ ΠΟΛΙΤΕΙΑ (Dissertation, Hamburg, 1932).

[26] Pseudo-Xenophon, *Respublica Atheniensium*, I, 6 *et seq.*

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It is remarkable how much all these men had in common, in spite of the violent controversies in which they engaged with one another. The bloody excesses of Kritias' régime had caused such universal disgust with his principles that professed immoralism disappeared rapidly from literature as well as from every-day political discussion. All the authors of this epoch lay very great stress on the moral qualities of the ruler or the ruling class.

The internecine strife between the oligarchic and democratic factions in most Greek cities had resulted in such terrible disorders [27] that the desire for the establishment of strict law and order became a common trait of the following epoch. Likewise the consequences of the exhausting war between the two leading states, in which most of the other cities and tribes had taken part at one time or another, produced a strong desire for reconciliation and a common policy. This found its strongest expression in the "panhellenism" of Isokrates and his disciples. But traces of this tendency can be found in the works of all the other political authors of this epoch as well, though the traditional jealousy of every Greek city against every other prevented actual unification of Greece, until it was brought about by force and through submission to a foreign power.

There are two more common factors which might be discussed briefly. With the one exception of Plato, the leading reactionaries of the fourth century did not belong to the highest aristocracy. This indicates that political reaction had become an affair of the upper bourgeoisie rather than of the old nobility.

All the political theorists of the epoch indulged to some extent in romantic and unrealizable utopian dreams, though all of them at times tried to exercise some influence in practical politics in one way or another. This flight into Utopia is indicative of the political pessimism — not to say escapism — of most of the intellectual leaders in this period.[28] Most interest-

[27] See the description of the conditions created by the first part of the Peloponnesian War in Thucydides, III, 82-83.

[28] Concerning Plato's attitude in this respect see E. Kapp in his article "Platon und die Akademie" in *Mnemosyne*, third series, vol. IV (1936), pp. 236 *et seq.*

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ing, however, is the way in which each one of them, in his utopian dreams as well as in his attempts at practical politics, tried to solve the difficulties in the realization of his ideals, with which he had become acquainted through personal experience.

Of all the authors whom we shall discuss, Xenophon (c. 430-c. 353) was least gifted for purely theoretical investigation. But he led a most adventurous life, extremely rich in varied experiences. Nobody will look in his works for a penetrating discussion of the political problems of his time, but some of these problems find through him their most naïve and immediate expression.

Xenophon belonged to the landed gentry in Athens, but not to the higher aristocracy. As a young man, during the last years of the Peloponnesian War and after, he had come under the personal influence of Socrates, whose bravery, righteousness and unflinching adherence to what he considered just he greatly admired, though he was scarcely able to understand the more subtle aspects of Socrates' philosophy and method. Kritias' immoralism was most distasteful to him,[29] but he had, as a gentleman and *knight* (ἱππεύς), served in the cavalry under Kritias' régime against the democrats in the Piraeus. After his famous adventures in Asia he was compelled by the circumstances to take service with the Spartans.[30] Here he had at first rather unpleasant experiences with the haughty Spartan generals.[31] But the situation changed when he came in close contact with King Agesilaos who, after Socrates, was to be the second man to have a determining influence on his whole philosophy of life. Since in the meantime Xenophon had been exiled by the Athenians for taking service with the enemy, the Spartans later gave him an estate in Elis where he could live as a country gentleman. After the battle of Leuctra, however, he had to take refuge at Corinth and was compelled

[29] Xenophon, *Memorabilia*, I, 2, 12 *et seq.*; *Hellenica*, II, 11 *et seq.*

[30] Concerning the reasons why Xenophon left Athens and later took service with the Spartans see E. Schwartz, *Rheinisches Museum*, LIII, pp. 167 *et seq.*

[31] See Xenophon, *Anabasis*, VI, 2, 15, VII, 2, 6 *et seq.*, and *passim*.

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to write and lecture for a living. Most of his works were written during the last two decades of his life.[32]

All these experiences left their imprint on his political opinions. By nature and education he was a country gentleman. He had a natural talent for guiding and handling people, and he enjoyed having responsibility for others. The emergency in which the Greek soldiers in the army of the younger Cyrus found themselves, when, in the midst of a foreign country, they were suddenly deprived of all their officers, brought into the open his brilliant qualities of leadership. Yet he was not the man to be a ruler or a condottiere in his own right, and he declined, though after some vacillation, when such an opportunity was offered to him toward the end of the adventures of the ten thousand.[33]

He would have been in his right place in an aristocracy like that of sixth-century Athens. Here he would have been master in the small world of his estate and would have taken part in the council of the state, while the larger issues would have been settled for him by tradition and through the leadership of the more ambitious among his equals. But he was too much of an Athenian and an individualist to fit completely into the totalitarian machinery of the Spartan state. As a deeply moral man, imbued with the teachings of Socrates, he loathed the immoralism of the radical oligarchs at Athens. So there was nowhere a state, a society or a party to which he could adhere wholeheartedly. But he found a kind of life that came nearest to his ideals during the few years which he spent in the entourage of King Agesilaos. Here he could satisfy his desire for command on a smaller scale, and at the same time take part in councils of larger importance, while the final decisions were made by another man, who through his moral qualities, his political conservatism, and his abilities as a leader evoked his undivided admiration.

It is this period of Xenophon's life which gave the final shape to his political ideals. Leaving aside the many scattered

[32] See Th. Marschall, *Untersuchungen zur Chronologie der Werke Xenophons* (Dissertation, Munich, 1928).

[33] Xenophon, *Anabasis*, V, 6, 15 *et seq.*

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passages in the *Memorabilia,* the *Hellenica,* the *Oeconomicus,* etc., in which allusion to these ideals is made, one finds their clearest expression in the *Cyropaedia* and the *Agesilaus.* In both these works Xenophon describes the life of a king, who is surrounded by a small circle of personal friends with whom he takes counsel concerning important decisions and with whom he also enjoys his hours of leisure, the life of a man who is a gentle and benevolent ruler for all those who submit to his rule and are willing to obey, but who deals sternly with the unruly and rebellious.

The origin of this ideal in his personal experiences with Agesilaos is obvious. But it is significant that the work in which he describes the life of his friend and contemporary is far from comprehensive, while the work in which he discusses his ideals in full is a romantic novel, which has as its hero a man, far remote in space and time, who had already become a legendary figure. For there is also a certain element of unreality in his description of the life and exploits of the contemporary King Agesilaos. Xenophon deals almost exclusively with a period in which the king, far away from his country, had to some extent the function which had been exercised by the tribal kings in the archaic period of Greek history, while his position at home in Sparta was very different. In this connection it is also remarkable that the only reference made to the Spartan constitution in the *Agesilaus* is to the effect that Sparta was the only Greek state which had preserved the institution of kingship from the earliest times to the present, and that likewise in his work *On the Constitution of the Lacedaemonians* Xenophon deals at great length with Spartan education, with social regulations, and with military leadership and training, but discusses, of all the political aspects of the constitution, the institution of kingship only.

This attitude of Xenophon is very characteristic of a powerful trend of his epoch. The oligarchically minded began to look back to the form of government from which oligarchy had sprung in the beginning. In the partial restoration of this type of rule, which had belonged to a comparatively primitive epoch, they hoped to find a remedy against the further decay

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of oligarchic institutions. Their romantic dreams, in some respects, anticipated the future. But when kingship finally came to Greece, it came in the form of foreign domination by the king of a nation on which the Greeks had looked down as barbarian, and it entailed the loss of political independence.

The political philosophy of Antisthenes (c. 450–c. 365) had a good deal in common with that of Xenophon. He, too, was a disciple of Socrates and he had probably some direct influence on Xenophon's philosophy.[34] It was probably Antisthenes' dialogue *Cyrus* which induced Xenophon to choose this early Persian king as the hero of his novel. We do not know very much about the contents of this dialogue; but it is quite possible to reconstruct Antisthenes' political ideals from the fragments of his various works and from the indirect tradition.[35]

Antisthenes had been most strongly attracted by the strict moralism of Socrates and by the ascetic element in his philosophy. He not only led a life of strict continence and self-control and preached against all kinds of licentiousness, debauchery and laxity of manners, but he also favored a society and a state in which everybody would be compelled to live according to the severest rules of conduct. Among the existing states Sparta naturally came nearest to his ideals. But under the influence of Socrates' doctrine that the wise and virtuous should rule, and since he felt that Sparta was already in a state of decay, he dreamed of a political order in which a wise and benevolent monarch would watch over the morality of his subjects.

This simple political dream lacked even that element of reality which Xenophon's ideal derived from his association with the contemporary king Agesilaos. But it is no less revealing as to the political psychology of his epoch. After the orgy of skepticism and criticism in which the late fifth century had

[34] As to the relations between Socrates, Antisthenes and Xenophon see "Antisthenes und Socrates in Xenophons Symposium" in *Rheinisches Museum*, LXXXIV (1935), pp. 19 *et seq.*

[35] See *Antisthenis Fragmenta*, edited by A. W. Winckelmann (Zuerich, 1842), and Diogenes Laertius, VI, 1; *Vita Antisthenis.*

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indulged, many people felt a strong desire for something more solid and for more settled conditions. It was not enough to turn away from the outright immoralism of Kritias and to adhere again to the fundamental moral principles, in theory at least, if not in practice. There are a great many things in human life—the interrelations of the sexes, the rules of polite intercourse, burial customs, etc.—which must be regulated if people are to feel safe and happy, though it may make little difference, from the point of view of pure morals, whether they are regulated in one way or another.[86] When the traditional values and their visible representatives, conservative aristocracy, had broken down, there had to be some other authority which would see to it that such regulations be set up and be respected, and which at the same time would watch over the observation of the common laws of morality. Since the upper classes were obviously no longer capable of exercising this function, the easiest way out of the difficulty was to dream of a man in whom such authority would be incorporated.

It is significant that Antisthenes, the son of an Athenian citizen and a Thracian slave,[87] belonged to the lower middle class; for in this stratum of society the desire for authority and fixed rules of conduct is usually strongest. This tendency did not at once find expression in the actual political struggle which for a considerable time was still fought between the traditional parties. But Antisthenes' dream was taken up by the early Stoics through whose influence it played an important part in middle-class philosophy in the next century and again in the early Roman Empire.[88]

It is a fortunate coincidence that, of the three disciples of Socrates who play an important part in the development of political theory in the fourth century, one belonged to the lower

[86] Concerning this general problem see the brilliant observations of Eduard Meyer in his *Elemente der Anthropologie* (*Geschichte des Altertums*) (5th ed. Stuttgart, 1925), vol. I, pp. 26 *et seq.*, especially pp. 34 *et seq.*

[87] See Diogenes Laertius, VI, 1, 1.

[88] See "Diogene e Antistene: Le loro relazioni reciproche e la loro importanza per la setta cinica" in *Studi Italiani di Filologia Classica*, Nuova Serie, vol. V (1927), pp. 147 *et seq.*

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middle class, one to the gentry, and one, Plato, to the highest aristocracy. It is, of course, impossible to discuss, in a short paper, Plato's political ideas in their wide scope and their innumerable implications, much less to consider their development throughout the different phases of Plato's life. It must be sufficient to point out some aspects of his work and political activities which have special relevance to our problem.

Plato's Socraticism is blended with aristocratic ideals of the old type, and these two elements cannot always be brought into perfect harmony. Socrates believed that all human virtue was based on knowledge and insight. According to the belief of the aristocrats of the early fifth century, on the other hand, the noble qualities, the excellence, the *virtue*, which distinguished the noble from the common man, were partly hereditary and partly the product of an education which did not consist in the acquisition of knowledge, but was acquired by training (μελέτη) and by growing up in the right society and environment.[39] Plato believed in the importance of the hereditary factor[40] and in training, but he believed also in the supreme importance of knowledge and insight. In the *Republic* he takes all these factors into consideration in the selection and formation of his ruling class. But there is some inherent difficulty.

Aristocratic education in the full sense is possible only within a group or class, not too small and with very definite standards of conduct and behavior. History has shown again and again that even hereditary monarchs lose rapidly most aristocratic qualities as soon as they become absolute and cease to be *primi inter pares*. The acquisition of wisdom and knowledge, on the other hand, does not depend on such special social conditions. Also, the Socratic principle according to which the wise and the virtuous ought to rule does not necessarily call for an oligarchic form of government. If taken in what was in all likelihood its original meaning, so that *to rule* means *to be entrusted with the administration of public affairs*, it is per-

[39] See E. Schwarz, *Gnomon*, II (1926), pp. 66, 75 *et seq.*

[40] See *Republic*, V, 459 d-e.

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fectly reconcilable with a democratic constitution. If, on the other hand, *to rule* is taken in the strictest sense of the word, it calls rather for a one man rule, if we may assume that there is always one who is wiser than all others. It is therefore rather interesting to note that Plato, wherever he discusses the *structure* of the ideal state, that is, in the *Republic* and in the *Laws*, favors government by a selected group, while in the *Politicus*,[41] where he discusses the problem of *rulership*, the position of the ideal statesman is considered as analogous to the position of God in the universe, that is, very decidedly in the form of one man rule.

Plato's political ideals, furthermore, present a strange mixture of conservatism and what one may call progressive radicalism. He wants to make the structure of his state and social system as stable and unchangeable as possible, and this system is fundamentally to be an aristocratic one. That much he has in common with the conservatives. But like his teacher Socrates he searches for the absolute Good which is the same for all mankind, while aristocratic tradition arises out of special historical situations and varies from one country to another. Unlike Socrates, on the other hand, Plato is not content to influence single individuals, but wants to model the whole state according to his notion of the absolute Good. In consequence, many of the institutions of his ideal state, as for instance the complete destruction of the family, the abolition of private property as far as the ruling class is concerned, the position of the female sex, etc., differ much more radically from the institutions of any existing Greek state, including even Sparta, than the institutions of any democratic state existing at that time in Greece differed from those of any existing oligarchy.

[41] See *Politicus*, 275 *et seq.* and 291 *et seq.* Later (296 *et seq.*) the possibility is discussed that certain restrictions of absolute one man rule might be necessary in any human state on account of human imperfection. In the *Republic*, on the other hand, which is fundamentally aristocratic and oligarchic, the principle of one man rule appears as a possible alternative to the aristocratic-oligarchic principle in the one passage in which the supreme wisdom of the ruler or ruling group is discussed (VII, 540 d).

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As pointed out above,[42] it was a mixture of conservatism and radicalism, rather than aristocratic conservatism as such, which created a tendency toward the principle of one man rule among the oligarchs of the late fifth century. The same may be said of Plato, though his radicalism was of an entirely different nature. In spite of his personal family relations to Kritias, he was fervently opposed to his immoralism and utterly disgusted with the cruelty of his rule. There is no reason to doubt the sincerity of his assertion [43] that he refused to have any part in the régime when such an offer was made to him. Yet, in the two outstanding cases in which he made an attempt to realize something of his ideals in an existing state, he tried to bring this about by influencing tyrants: Dionysios the Younger in Syracuse and Hermias in Atarneus.[44] This does not mean that in either case he considered absolute monarchy as the most desirable form of government in the circumstances. On the contrary, he tried to persuade the tyrants to give up part of their power voluntarily and to give more freedom to their subjects.[45] Yet, the reason why he appealed to tyrants is obvious. When the attempt to influence the younger Dionysios failed and Plato's friend Dio overthrew his government by force, Plato, though convinced of the integrity of Dio's motives, showed himself most fearful of the consequences of the use of violence even in the pursuit of the highest aim. This makes it quite clear that he appealed to tyrants—and one may now add: to hereditary tyrants who had not come to power by a *putsch* or revolution — because absolute one man rule is the only form of government under which rapid and radical changes can be effected without the use of violence.

On the other hand, it is equally clear that Plato, who chose the rulers of his ideal state from the warrior caste,[46] did not

[42] See *supra*, pp. 58-59.

[43] *Cf.* Plato's seventh letter, 324 d *et seq.*

[44] *Cf.* Plato's sixth letter.

[45] For this and what follows *cf.* Plato's sixth, seventh and eighth letters.

[46] *Cf.* also *Republic*, II, 373 *et seq.*, and the following passages in which the principle is discussed that the warriors must be fierce against the foreign enemy, but friendly and gentle toward their fellow-citizens.

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believe in non-violence in all circumstances. His attitude, therefore, must have had a different reason. It is here that we come to the core of the problem. With Socrates the question of whether the wise man would not abuse political power if he was entrusted with it could not arise, since the wise man was virtuous by definition and not subject to such moral weakness. All possible dangerous inferences, furthermore, were avoided by the fact that Socrates, who was interested in human beings, not in institutions, never admitted that any man whom he had met, including himself, was really wise. But the problem appeared in an entirely different light when the question was asked how a perfect political order could actually be brought into being. During the preceding few decades only the most ambitious, the most passionate, and, hence, according to the Socratic view, the least virtuous had had the strength and determination to bring about great changes by overcoming the natural inertia of the majority and by crushing all opposition. The example of Dio and his followers, furthermore, seemed to show that even the most idealistic and disinterested reformer might destroy the very psychological foundations of a sound social and political order when using violence on a large scale against his fellow-citizens. In the light of this dilemma Plato's association with hereditary tyrants appears as a compromise. First, there had to be an ambitious man who had won absolute power by violence. Just for that reason he could not be the right man to bring about a better order. But then, when things had settled down, his heir, who might be without selfish ambitions, could use this power, which had come down to him, in order to create the desirable order without violence.

However, hereditary tyrants, combining such self-abnegation with the highest political ability and unflinching energy, naturally turned out to be very rare. Hermias of Atarneus seems to have been the only one who met all the requirements. In his small state the experiment was made and proved very successful for a few years.[47] Then his country was invaded

[47] Concerning Hermias see W. W. Jaeger, *Aristoteles* (Berlin, 1923), pp. 112 *et seq.*

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by the Persians, and Hermias died on the cross. This reveals another weakness in Plato's solution. Unless ideal states could be erected all over the world at the same time — which was most unlikely if in every case one had to wait for a benevolent hereditary tyrant who could be won over to Platonic principles by persuasion—these states would always be menaced by destruction from without.[48] All the remaining political theorists of the fourth century, as far as they have aristocratic leanings, struggle in one way or another with these same problems.

Isokrates (436-338), in contrast to the Socratics, Xenophon, Antisthenes and Plato, did not indulge in utopian constructions. A rhetorician, he strove for immediate acclaim and success. His political ideas and suggestions, therefore, were always related to an actual political situation. It did not matter to him so very much whether the form of government in a state was monarchic, oligarchic or democratic. In the *Areopagiticus*[49] he defends himself vigorously against the accusation that his views are anti-democratic. In the *Nicocles*,[50] on the other hand, he says that the monarchic form is better than the democratic or oligarchic one—and precisely for the reason which we have already encountered in Plato's political considerations: because a one man rule offers so much better possibilities for unhindered action.

Yet, in spite of all this, there can be no doubt that Isokrates had some fundamental political convictions. He was a conservative and a reactionary, though a moderate one. He liked the refined education, the elegance of manners, the ease of living, which characterized liberal Athens in contrast to totalitarian Sparta. But he found that unlimited democracy did not favor these features of Athenian life, which he cherished most. He therefore pleaded for a hierarchic society in which no strict

[48] In the *Republic*, IV, 422-23, Plato suggests that the ideal state would be safe from the attacks of a foreign enemy, because the poverty, simplicity and austerity of its life would offer no attraction to a conqueror. In making this suggestion, however, he obviously fails to reckon with the fact that the motives of pure power politics are sometimes at least as strong as the economic motive.

[49] Isokrates, *Areopagiticus*, 56 *et seq.*

[50] *Nicocles*, 15.

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regulations would be necessary and in which everybody would be able to move with liberty, just because everybody knew his place. Such a society, to be sure, needed a guardian who would see to it that the social order would not be disturbed. This guardian might be either a benevolent patriarchic monarch [51] or an oligarchic institution like the Areopagus in Athens,[52] but in any case his influence would be derived from the venerableness of his authority rather than from force and coercive power.[53]

However, the Peloponnesian War and the following decades had made it amply clear that no lasting and stable order could be established anywhere if the internecine strife between the leading Greek states was allowed to go on forever. This observation is at the bottom of Isokrates' panhellenism. His political instinct told him that, after a century of mutual antagonism and enmity, reconciliation and unity were possible only if there was a common aim. He found this common aim in a war against the hereditary enemy of all Greeks: Persia. Until the end of his life he never ceased to preach this war, from which he also expected a solution of certain social problems.[54] Such an undertaking required a common leader. For a long time Isokrates hoped that Athens might still win this leadership.[55] Later, when it became obvious that Athens had neither the strength nor the political energy required for such a task, he began to look for a *strong man* and addressed himself to Iason of Pherae [56] who had made himself master of Thessaly in 374 and to Dionysios the Elder of Syracuse.[57] Iason, however, was assassinated in 370 and Dionysios died in 367. So

[51] *Nicocles*, 15; *Ad Nicoclem*, 18 *et seq.*

[52] Isokrates, *Areopagiticus*, 36 *et seq.*

[53] *Ad Nicoclem*, 19 *et seq.*; *Areopagiticus*, 96 *et seq.*

[54] *Panegyricus*, 168 *et seq.*

[55] *Ibid.*, *passim*. For the gradual change in Isokrates' views see W. W. Jaeger in *Harvard Studies in Classical Philology*, Special Volume, 1941, pp. 409 *et seq.*

[56] *Philippus*, 119-20.

[57] *Ibid.*, 21 and Isokrates' first letter. The ninth letter which contains similar admonitions to the Spartan king, Archidamos, is of doubtful authenticity.

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nothing came of it. But it is significant that, though both of them were of purely Greek stock, their countries lay at the outskirts of the Greek world and until then had only sporadically played a major part in the politics of central Greece.

The man who was to prepare the realization of Isokrates' dream of the conquest of Persia was king of a country which the Greeks had always regarded as barbarian though the king himself claimed to be a descendant of the Greek hero Herakles. Ever since the spectacular rise of Philip to even greater power, Isokrates had pleaded with his fellow-citizens that they should make peace with the Macedonian king and acknowledge his leadership in Greece.[58] At the same time he addressed pamphlets and letters to the king in which he exhorted him to become the leader of a Greek federation against Persia and the guardian of a new political order—without, however, infringing upon the traditional liberties of the Greeks.[59] He was very careful to point out that the Greek states would never submit to despotism or any form of absolute monarchy.[60]

At least in the outward form of his diplomatic dealings with the Greeks before and after Chaeronea, the king followed this advice. He carefully avoided the use of his royal title and styled himself, instead, leader (ἡγημών), savior (σωτήρ) and benefactor (εὐεργέτης),[61] a rather remarkable example of the magic of words as well as of historical repetition. Yet, in spite of this and of Philip's "clemency" after the defeat of the Greeks, nobody can doubt that the battle of Chaeronea sounded the death knell of the liberty of the Greek city states.

The tradition about the last days of Isokrates' life is conflicting. We do not know whether he rejoiced over Philip's victory at Chaeronea, as a letter of doubtful authenticity indicates, or whether he committed suicide in despair over the way

[58] *Philippus*, 4 *et seq.*; *Panathenaicus*, 246 *et seq.*

[59] *Philippus* and the letters to Philip.

[60] *Philippus*, 107, 154 *et seq.*

[61] See U. Wilcken in *Sitzungsberichte der Akad. Berlin* (1927), Phil.-Hist. Klasse, pp. 281-82, and E. Bickermann in *Berichte der saechs. Akademie*, LXXX (1928), Heft 3, pp. 21 *et seq.*

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in which what he had longed for had finally come true.[62] The conquest of Persia by Alexander which followed Philip's victory after a few years surpassed the most sanguine dreams of the panhellenists, but with Isokrates this war had always been a means toward an end. The unity of Greece which Alexander achieved was artificial and precarious, and the new order which he created was not the order which Isokrates had craved.

Isokrates died immediately after Philip's victory and before anyone could fully realize its consequences. His disciple Theopompos (c. 380–c. 310) lived to see the full development of the new era.[63] He was a native of Chios and belonged, though perhaps not to the oldest nobility, yet to a family in which wealth and conservatism had been hereditary over a long period. He was exiled from Chios, together with his father, on account of his pro-Spartan leanings, and he was much more passionate and extreme in his reactionary tendencies than his master Isokrates. He hated Athens as the leading democratic power and admired Sparta as the stronghold of conservatism and oligarchism. Democracy, in his opinion, was identical with decadence, dissolute morals and manners, and debauchery. He was quite naïvely convinced that conservatism and morality were identical and that only moral depravity could make democrats and leftists think differently. In his opinion, therefore, the establishment of a strictly hierarchic society in which the good old families would rule was the prerequisite of any moral regeneration of Greece.

With all this, Theopompos' views were strictly aristocratic, and, like all good aristocrats in antiquity, he was theoretically opposed to the principle of one man rule. The fragments of his works which have come down to us are full of invectives against tyranny in general and individual tyrants in partic-

[62] See Dionys. Halicarn., *Isocrates*, 1; Pseudo-Plutarch, *Vita decem orat., Isocrates*, 14; Philostrat., *Vitae Sophist.*, I, 17, 4; Pausanias, I, 18, 8; etc.

[63] For Theopompos' political views, which have to be gathered from the fragments since his works are not preserved, see my article, "The Historian Theopompos", which is to be published in an early issue of the *American Historical Review*.

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ular.[64] Yet when it came to an appreciation of the actual political situation, he felt that only a strong man with an iron hand would be able to restore the kind of order which he desired with all his heart. In his earlier years he looked upon Lysander as the man who might have brought about a moral and political rebirth of Greece if he had not died prematurely. In sharp contrast to all other ancient authorities he depicts Lysander as a man of austere manners who worked for the common good rather than for the satisfaction of his personal ambitions.[65] Yet, considering what we know about the last years of Lysander's life, we may safely assume that the premature death of Lysander prevented Theopompos from becoming utterly disappointed with his idol; for, though Lysander had won the Peloponnesian War for Sparta and restored oligarchy all over Greece, he did more than any other man of his time to undermine the old Spartan traditions. It is the same problem which we encountered when analyzing Plato's attitude in practical politics. The man who has the ambition, the will and the energy to seize the power with which he can change the world is scarcely the man to make the best use of it.

Most interesting, however, are Theopompos' relations to Philip of Macedon. In the beginning of his career he hailed him as the man who might become the savior of Europe,[66] and like his master Isokrates he tried to influence the king by memoranda and open letters which he addressed to him.[67] Soon, however, he began to feel doubts concerning the moral qualifications of Philip and his associates for the task which he had assigned to them. The society with which the king was surrounded in his country was feudal, to be sure; but the semi-barbarian feudalism of Macedon was very different from Theopompos' ideal of a truely aristocratic society. The man who admired Spartan austerity, simplicity and discipline could not but look with disgust upon the drinking bouts, the sexual

[64] See F. Jacoby, *Fragmente d. Griech. Hist.*, Vol. II D (Berlin, 1930), 115 F 134, F 187-88, F 291, F 331.

[65] *Ibid.*, F 20, F 333.

[66] *Ibid.*, F 27.

[67] *Ibid.*, T 20, 1, T 48, F 255-56.

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licentiousness and the rude manners of the Macedonian lords. He became more and more doubtful as to whether they would be the right men to bring about a new moral order in Greece, and his comments on their life and actions became ever more bitter as his great historical work proceeded.

It was, however, only through Philip's successor Alexander that the tragic discrepancy between the dream and its fulfilment came fully into the open. Alexander was free from the vices of his father. He brought about the unification of Greece under the nominal leadership of the synhedrion at Corinth and conquered Asia. He was personally on very friendly terms with Theopompos and compelled the Chians to readmit him to his native city.[68] Shortly before his death he decreed that all Greek exiles—many of whom had had to leave their countries on account of their oligarchic leanings—be allowed to return to their cities.

Yet all this served only to make it more clear that the new order which Alexander created was not the order of which Theopompos had dreamed. While a new world was born in the East, the cities of Hellas proper were left behind. They became pawns in the political game of greater powers with little will of their own and all the demoralization which such a situation entails. From then on it mattered little whether the government at Athens was oligarchic or democratic, since they had always to obey a foreign master. But it became gradually customary to celebrate every new despot as a liberator from the previous suppressor and to grant him the honors of a hero or of a god.

Theopompos lived to see the beginning of this development. It is characteristic that he, who had spent most of his life in writing the history of Philip, and who once boasted that there was no historical subject on which he could not write more beautifully than anybody else, did not make any attempt to write the history of Alexander's exploits, and that he died in obscurity about a decade after Alexander's death. Theopompos may have been more realistic than Plato in that he

[68] *Ibid.*, T 2.

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realized that the establishment of a new order in one state would be useless unless the same thing could be done all over Greece. But since he lacked Plato's caution concerning the psychology of the "strong man with the iron hand", his final disappointment was to be all the greater.

In conclusion we may cast a glance at the development in the following century. In the next generation the interest of aristocrats in the rule of "strong men" had disappeared, in consequence of the experiences of a century. The Stoics, it is true, took up Antisthenes' ideal of the benevolent monarch. But they were not representative of aristocracy in that epoch, and when, much later, the school became associated with aristocratic circles it at once turned republican. In Athens an oligarchic constitution, very much in line with Isokrates' ideals, was established by Demetrius of Phaleron under the overlordship of the Macedonians. But actually all this mattered very little. In the big cities of continental Greece the wealthy and the noble rapidly lost all interest in politics except in so far as the preservation of the remnants of their wealth was directly concerned. But in regard to Sicily, where there were still free cities with a real political life of their own, Timaios [69] tells us that the wealthy and the noble were most violently opposed to the rule of the typical "strong man", Agathokles. A little later the oligarchically minded cities of the Achean confederation were also very much opposed to the principle of one man rule. The disappointment which is so patent in the fragments of the later part of Theopompos' work forebodes this change of attitude. There is a kind of tragic irony in the fact that at the end of a century the reactionary circles returned to the convictions of their fifth-century predecessors and became again the most fervent and by now the most acrimonious opponents of a principle of one man rule, of which throughout the greater part of the fourth century they had been the strongest advocates.

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[69] See Diodorus, XIX, 5, 5 *et seq.*; Justinus, XXII, 2.

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THE TAXATION OF EXCESS PROFITS II *

Invested Capital after the First Year: Improved Earnings Prospects

THUS far the discussion of invested capital has concerned the value to be set for the first year of the tax. The adjustments that may be made for later years will now be considered.[31]

27. There would be general agreement that additions to capital or surplus, either earned or paid in, should be added to the initial figure; and the issue of whether deficits should be subtracted, if they impair the capital, has been noted above. The chief problem arises with respect to transfer of ownership. If two businesses, each with $1,000,000 initial invested capital, so improve their earnings that they become worth $1,500,000 each,[32] and if one of them changes hands at that figure, shall it thereupon be given an invested capital figure of $1,500,000 while the other is forced to retain the $1,000,000 figure? The initial reaction may be strongly in favor of allowing the $1,500,000, but further reflection raises some doubts. Such an allowance seems hardly necessary to preserve incentives to invest, venture and work, nor does it touch any interests that were vested before the tax was introduced. The purchasers are not harmed if they are required to retain the sellers' base—

* The first installment of this article appeared in the December 1940 issue of the QUARTERLY.—ED.

[31] Thomas S. Adams, "Should the Excess Profits Tax Be Repealed?", *Quarterly Journal of Economics*, May 1921, pp. 377-80; Robert M. Haig, "The Taxation of Excess Profits in Great Britain", *American Economic Review*, Supplement, December 1929, pp. 69, 80, 82-83, 164-65; Senate Report, 65th Congress, in *Internal Revenue Bulletin*, Cumulative, 1939-1 (Part 2), pp. 124-27; Josiah Stamp, *Taxation During the War*, pp. 186-87, 189-91.

[32] Note the difference between this case and that in No. 16. Here, the improvement in earnings prospects comes after the concern has already reached or passed the level of exempt annual earnings.

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they buy on notice that they must pay an excess profits tax reckoned on an invested capital of $1,000,000. As to the sellers, the disallowance of the $500,000 and the consequently lower price that they can get for their property (because of the higher excess profits tax) impinges upon no interest that was vested at the time the tax was introduced; and as to any interest that arose thereafter, the owners, like the prospective purchasers, were on notice. Moreover, to allow the $1,500,000 is, in the case given here, to allow excess profits elements to be capitalized and hence removed from tax as they develop, subject only to the limitation imposed by the disadvantages of selling and rebuying businesses. These disadvantages, incidentally, may include an ordinary corporation income tax on the capital gain. A refusal to recognize sales, unless they were clearly shown not to be motivated by (or chiefly by) tax considerations, would appreciably lessen the seriousness of this factor; but it could hardly be denied that the tax would be exerting a constant and possibly undesirable pressure toward increasing the turnover of entire businesses, when the market value was above the invested capital figure.

28. There seem to be only two ways to avoid these difficulties.

In computing excess-profits-tax net income for the year of sale there could be included the capital gain from the sale (reckoned from the last sale price or the last figure for invested capital, as the case might be), and the new owners could then use their purchase price as the invested capital figure. For instance: A concern starts, at the same time that the tax is introduced, with an invested capital of $1,000,000. It earns a necessary 10 per cent on this amount, and retains all the earnings, for 5 years. If the earnings prospects, in terms of per cent of invested capital, remained unchanged, the concern would now have a value of $1,500,000 (disregarding interest on the earnings). Actually, the prospects are improved sharply, owing, say, to a strengthening of a monopolistically competitive position, so that the business now will apparently earn, not $150,000 a year, but $250,000. The value of the business rises to $2,500,000, and a sale takes place at that

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price. If the new owners are to be allowed an invested capital figure of $2,500,000, none of the annual $250,000 earnings will be taxed, although, had the business not changed hands, $100,000 of it would have been taxed. However, the capital gain of $1,000,000 may be regarded, for purposes of this tax, as equivalent to the future excess earnings of $100,000 a year forever. Consequently, if the government taxes the $1,000,000 it may be content to let the $100,000 a year go free. In passing, it may be noted that this attitude need not inevitably be carried over to the personal income tax, where so many considerations of relative personal position must influence the decision of how to handle capital gains and losses; the present discussion is concerned only with a tax that has little or no regard for the comparative economic situations of individuals. The taxation of capital gains with the subsequent exemption of a standard annual income on that amount is simply adherence to a general rule of excess profits taxation, that no amount arising within the business can be allowed a tax-free fair return until it has itself passed through the taxing machine.

The alternative is to ignore, in computing invested capital, the sales price on transfers occurring after the tax has taken effect, while exempting capital gains of this type from the tax. The choice between the two may rest largely on the practicability of taxing capital gains and allowing capital losses in a suitable manner (see Nos. 69-72 below).

When the increased earnings are, on the contrary, necessary in the sense that they are merely a counterbalance to the less than normal earnings experienced in other cases, and are therefore to be exempt, presumably the capital gain should be tax free in principle, though in practice the difficulty of distinguishing this case may be insuperable (No. 16).

29. Similarly, a capital loss may be allowed, and the purchaser may be required to take the purchase price as invested capital; or, if the capital loss is not allowed, the purchaser would have some claim to an option to use the old invested capital figure. Even if the capital loss is allowed in principle, there is danger that it will not be allowed in practice, owing

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to lack of averaging of annual incomes, or lack of carry-back provisions for losses.

Invested Capital after the First Year: Fall in Rate of Capitalization

30. If the value of the business rises, not because of a prospective increase in earnings, but simply because of a decline in the market rate of capitalization—for example, from 20 per cent to 10 per cent—is the increase in money value to be added to the invested capital (when the increase is realized through sale)?

If the change is peculiar to the firm it probably signifies a movement toward a smaller degree of risk. The assumption just made, that there was no increase in prospective earnings, does not rule out the possibility that the chances of failing to get a given amount of earnings have decreased.[88] Here the points made in Nos. 15-16 above concerning risk are relevant. If the earnings themselves, when they do materialize, are to be tax free, the capital gain is logically also tax free. The danger is that the capital gain will swell the income for a particular year to an extent that an apparently excessive total income is being received and a tax will be collected. Again, a technique for spreading the gain over several years, for tax purposes, may avoid most of the danger.

31. The change in rate of capitalization might instead arise from a fall in the rate of interest generally—that is, the normal return is lowered. Suppose a concern has a prospect of earning $250,000 a year after all taxes (this prospect being presumed certain, in order to isolate the change in interest rate for the present analysis). Its invested capital is $5,000,000; the relevant rate of interest is 5 per cent, hence it pays no excess profits tax, and its market value is likewise $5,000,000.

[88] The distinction between a prospective increase in earnings and a decrease in degree of risk is probably, in practice, often difficult to make. For the present discussion we may think of the former as an increase in the actuarially probable return, and the latter as a decrease in the degree of dispersion of the chances, without change in the actuarially probable return. The latter could conceivably bring about an increase in the capital value.

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If the interest rate drops to 4 per cent, the value of the concern tends to rise to $6,250,000. The tax law would presumably be changed so that the legal normal rate of return was lowered to 4 per cent. Is the 4 per cent to apply to the $5,000,000 invested capital, or to the new market value (assuming that as yet there has been no transfer of the business)?

If it applies to the $5,000,000 figure, $50,000 of the $250,000 profits becomes taxable. If the tax rate is 20 per cent, the profits after all taxes shrink to $240,000: this, at 4 per cent, gives a capital value, to the present owner, of $6,000,000—not $6,250,000. Now let it be supposed that the law also provides that if the business is sold, the purchase price shall be the invested capital figure. In view of this offer by the government to raise the invested capital figure if the business is sold, prospective purchasers will bid $6,250,000—not $6,000,000; for, on every dollar they add to their bid up to $6,250,000, their saving on excess profits tax is enough to keep the net rate of return from falling to 4 per cent. This is simply an example of the general fact, noted in No. 27 above, that recognition of purchase price as invested capital creates a tendency for a transfer of the business to occur when the market value is higher than the invested capital figure. Under these circumstances, the new owners pay no excess profits tax at all, 4 per cent on $6,250,000 being equivalent to 5 per cent on $5,000,000. Whether the $1,250,000 gain of the first owners is then to be taxed under the excess profits tax would seem to depend chiefly on whether the tax is to apply to a gain that is a gain in command over present dollars but not over future dollars. The first owners used to have command over 5,000,000 present dollars; after the fall in the interest rate, they have command over 1,250,000 more present dollars—but in both cases they command only $250,000 a year forever. To put it another way: before the drop in interest rate, a taxpayer with $100 invested at 5 per cent for one year had a choice between spending $100 now and $105 a year from now; after the change he has a choice between spending $100.96 now and $105 a year from now. A greater rise in the spend-now ability occurs as the investment is of longer term (a long-term bond rises by a

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greater percentage than a short-term bond when an interest rate applicable to both falls). Of course if the taxpayer has no possible way of realizing on his $100.96—for example, the money is invested in forest land for which there is virtually no market—these considerations are not applicable.

It was assumed above that the new 4 per cent fair rate applied to the old $5,000,000 invested-capital figure so long as the concern was not sold. Suppose the law required the new fair rate to apply to the new market value. The market value then becomes $6,250,000 for both the present owner and others. As before the change in interest rate, the business is just on the line of indifference as to being sold. If it is sold (at $6,250,000), the analysis immediately above is applicable.

In practice, the problem of changes in interest rates is not likely to trouble either the legislator, administrator or taxpayer. Changes large enough to be significant do not occur frequently; the number of factors that in principle will be considered in fixing a fair rate of return will be so many and so important that the authorities will tend to ignore the interest-rate influence; and even were they not thus disposed, they would find it so difficult to isolate in practice that they would tend to lump it with all other influences (for example, prospective gain in earnings) in one category for uniform treatment. However, a change in interest rates such as that from 1929 to 1939 might get at least some attention in the formulation and administration of an excess profits tax.

Kinds of Capital: Owner's, Creditor's and Rentor's Capital

32. Given the type of taxpayer to which the excess profits tax will apply—a matter reserved for discussion in Nos. 52-68 below—there is still a series of problems relating to the kinds of capital that shall be taken into account in computing an invested-capital figure for any taxpayer. Some of the problems concern distinctions between owner's capital, borrowed capital, capital raised by preferred stock, and rented capital—problems that arise when the approach to a computation of invested capital is from the liabilities side of the balance sheet.

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Others arise from distinctions on the assets side—for example, between business capital and non-business capital. Others represent conflicts between the two approaches, while still others are more or less independent of them. These four groups will be discussed in turn.

33. Is capital contributed by creditors to be excluded in computing invested capital, and, correspondingly, is interest paid to be allowed as a deduction in computing excess profits?[34] Tradition and, to some extent, administrative convenience argue for a positive answer;[35] but from the point of view of principle there are some powerful arguments to the contrary.

The American and British excess profits taxes of the World War, it is true, excluded borrowed capital. Moreover, even if no misgivings arise about failing to distinguish between long-term borrowing and short-term borrowing, or among various types of short-term borrowing (for example, from banks and from vendors), the intangible element of personal credit may raise a troublesome issue of capital actually used versus capital at stake. On the other hand, it may be said in favor of including borrowed capital that an attempt to distinguish between borrowed capital and owner's capital has its own questions of detail: the most peculiar types of securities are uncovered; salaries, etc., are voted to stockholders and then left in the business; income taxes (and excess profits taxes) accrue; a corporation buys up some of its own stock, which thus becomes treasury stock, by issuing bonds; bonds are issued but, with the agreement of the creditor, no interest is paid on them; borrowed capital constitutes the entire invested capital; and so on.[36]

[34] Adams, *Quarterly Journal of Economics, loc. cit.*, pp. 385-86; American Economic Association, "Report of the Committee on War Finance", Supplement No. 2, March 1919, of *American Economic Review*, pp. 18-19; Twentieth Century Fund, *Facing the Tax Problem*, pp. 280-82, 558-59; Haig, *loc. cit.*, pp. 82-84; Stamp, *op. cit.*, pp. 152-55.

[35] It was Montgomery's opinion that "The inclusion of borrowed money as invested capital would involve very serious difficulties of computation." *Excess Profits, Estate, Gift, Capital Stock Tax Procedure, 1926*, p. 107.

[36] See *ibid.*, pp. 107-14.

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In principle the issue is another aspect of the problem, discussed in Nos. 42-44 below, as to the unit of taxability for the excess profits tax. Is it the industry, the concern, the plant or some part of the plant?—and is it any one of these considered as material units or are they to be cut across by a distinction based on the sources of the money capital?

It is the owners that the tax presumably affects with the greatest intensity; and, in principle, the borrowed-capital issue may therefore be settled by an examination of the effect on the owners. Owners that operate on a thin margin incur thereby a greater risk of losing any given part or all of any dollar of their investment. Some allowance needs to be made for differences in risk; a common method (see No. 15 above) is to allow a higher-percentage fair return where the risk is greater. Such a device would be awkward, however, where the differences in risk arise from differences in thinness of equity. The inclusion of borrowed capital in computing invested capital lowers the tax for the thin-equity concerns, hence for the concerns where—for this reason—the risk to the equity is great. The tax is lowered because the percentage rate of return on the entire capital is virtually always found to be lower than the rate of return on the stock-capital only, in a concern successful enough to be taxable. Lowering the tax in this way is much easier and a more appropriate device than computing a high rate of return, as would be the result if borrowed capital were excluded, and then reducing the tax by allowing the use of a high-percentage standard.[37]

However, an added dollar of borrowed capital does not always increase the stockholder's risk in the same degree, and indeed in some cases seems to increase it to no appreciable extent at all. Moreover, since great tax savings may be ob-

[37] Luigi Einaudi, *La guerra e il sistema tributario italiano* (pp. 150-51), argues for the inclusion of borrowed capital, chiefly on the ground that whether the capital is borrowed or is the proprietor's own, the concern as a whole "has the same size, implies the same responsibility, demands the same amount of intelligence and initiative"; and he points out that the proprietor's anxiety and risk are greater when part of the capital is borrowed. The Italian excess profits tax, however, followed the common pattern and excluded borrowed capital. See also U. K. Hicks, *The Taxation of Excess Profits in War-Time*, pp. 7-8.

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tained, for reasons given in No. 34 below, by increasing invested capital, and since an increase in borrowed capital is often very easy to achieve (compared at least with an increase in stock capital), some taxpayers might be led by the tax to indulge in substantial borrowings where they could do so at low cost, even if the borrowed money had to be held idle, earning no return at all. This kind of evasion could, perhaps, be held reasonably in check by taking into account only borrowed capital that had been in the concern for, say, two years (thus if invested capital was computed monthly, it would be allowed only to the extent of the current figure, the figure twelve months previous, or the figure twenty-four months previous, whichever was the lowest). Still, some avoidance would occur. Finally, on some borrowed capital the interest is hidden in the purchase price of goods (as in many accounts payable) and hence is deducted in computing net income, in violation of the general rule that the carrying cost of whatever capital is included in invested capital should not be deducted in computing net income. For these reasons a complete and unrestricted inclusion of borrowed capital is not feasible.

Since the inclusion of borrowed capital would normally result in a reduction of tax due, a higher tax rate would be needed to produce a given revenue.

34. Is capital contributed by subscribers to preferred stock to be excluded in computing invested capital, and, correspondingly, are preferred dividends to be deducted in computing excess profits?[88] Here tradition gives the opposite to its answer for borrowed capital. Most preferred stockholders are, however, from the viewpoint of economic motives, more like creditors than like owners of common stock. Thus there arises a discrepancy that may have a marked effect on methods of raising capital, if new capital can be raised at approximately the same cost through preferred stock and through bonds, and if the annual interest (or dividends) paid to obtain the new capital is below the return allowed by the excess profits tax law to be earned on that capital. Under these circumstances,

[88] Montgomery, *op. cit.*, pp. 116-17.

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the traditional method of including preferred-stock capital while excluding borrowed capital favors the use of preferred stock. Although the latter method of financing will result in showing a larger profit in the usual sense, the excess profit will be smaller than under the bond-financing method. The rate of return of total profits on total capital will also be lower. (It is assumed here that the new capital does in fact earn at least the necessary return.) The amount of excess profits tax that may be saved may be large. In general terms: when the new capital costs less than the tax-free return, it is better, from the taxpayer's point of view, to have the new capital included in computing his total invested capital, even at the price of not being allowed deduction of the annual cost of the new capital. The reason for this is that by including the capital he gets a "deduction", in computing excess profits, equal to the statutory percentage times the capital, while by excluding the capital he gets instead a deduction (interest or dividends paid) that is, by hypothesis, lower than the statutory return.

If the annual interest (or dividends) paid to obtain the new capital is, not below, but equal to the statutory rate allowed under the excess profits tax, the absolute amount of excess profits is the same under both methods of financing, since the "deduction" and the deduction noted in the preceding paragraph are the same. But the percentage return on total capital (old and new together) is, of course, lower under the financing method that allows inclusion of the new capital, since, as just noted, the absolute amount of excess profit is the same under both methods. If the tax rate is graduated according to rate of return, a tax saving will result;[39] and may result even when the statutory rate is less than the rate of interest or dividends.

[39] The following hypothetical examples will serve to illustrate the chief possibilities:

Old capital	$50,000,000
Profits therefrom	5,000,000
Normal return	2,500,000
Excess profits on old capital	2,500,000
New capital	50,000,000

1. New capital is paid for at "normal" (statutory) rate (5 per cent).

(a) New capital is raised from sale of $50,000,000 bonds, which are excluded from invested capital:

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Experience supports this analysis: under the United States tax, which excluded borrowed capital but included preferred-

(Footnote 39 continued)

	New capital yields the same excessive return as the old capital	New capital yields only normal return
Profits from new capital	$ 5,000,000	$ 2,500,000
Less deduction for interest paid	2,500,000	2,500,000
Net profits from new capital	2,500,000	Zero
Total profits	7,500,000	5,000,000
Invested capital	50,000,000	50,000,000
Normal return	2,500,000	2,500,000
Excess profits	5,000,000	2,500,000
Total profits as per cent of invested capital	15 per cent	10 per cent

(b) New capital is raised from sale of $50,000,000 preferred stock, which is included in invested capital:

	New capital yields the same excessive return as the old capital	New capital yields only normal return
Profits from new capital (no deduction for dividends paid)	$ 5,000,000	$ 2,500,000
Total profits	10,000,000	7,500,000
Invested capital	100,000,000	100,000,000
Normal return	5,000,000	5,000,000
Excess profits	5,000,000	2,500,000
Total profits as per cent of invested capital	10 per cent	7.5 per cent

In these cases the absolute number of dollars of excess profits is unchanged, but the percentage rate of return is lowered by using the method of financing that allows the invested capital figure to be increased, although the cost of getting the new capital is at the same time disallowed as a deduction.

2. New capital is paid for at a figure (here, 2 per cent) below the normal rate (5 per cent).

(a) New capital is raised from sale of $50,000,000 bonds, which are excluded from invested capital:

	New capital yields the same excessive return as the old capital	New capital yields only normal return
Profits from new capital	$ 5,000,000	$ 2,500,000
Less deduction for interest paid	1,000,000	1,000,000
Net profits from new capital	4,000,000	1,500,000
Total profits	9,000,000	6,500,000
Invested capital	50,000,000	50,000,000
Normal return	2,500,000	2,500,000
Excess profits	6,500,000	4,000,000
Total profits as per cent of invested capital	18 per cent	13 per cent

(b) New capital is raised from sale of $50,000,000 preferred stock, which is included in invested capital:

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stock capital, there was a noticeable tendency for corporations to retire bonds by new issues of preferred stock.[40]

The technical difficulties of excluding preferred stock are probably more significant than those of excluding borrowed capital, since much preferred stock contains a strong dose of common-stock element.

35. If borrowed capital and preferred-stock capital are included in computing invested capital, what should be done about rented assets (in contrast to rented money)? Is there any substantial difference, for present purposes, between an asset purchased with money borrowed for fifty years and an asset leased for fifty years? It seems not; in fact, the more significant distinction may be between capital used in the business only temporarily (for example, seasonal borrowing from the banks, or peak-load renting of equipment) and capital more or less permanently committed to the business, whether or not, in either case, the capital is rented or bought with borrowed money (or is borrowed money).

One possible approach is to regard the present value of the rental commitment as invested capital; hence, if the lease were for ten years at $1,000 a year, invested capital would include the present value of $1,000 a year payable for ten years. However, the fact that the gross rental may be swelled by certain elements that would not have caused a corresponding

(Footnote 39 continued)

	New capital yields the same excessive return as the old capital	New capital yields only normal return
Profits from new capital (no deduction for dividends paid)	$ 5,000,000	$ 2,500,000
Total profits	10,000,000	7,500,000
Invested capital	100,000,000	100,000,000
Normal return	5,000,000	5,000,000
Excess profits	5,000,000	2,500,000
Total profits as per cent of invested capital	10 per cent	7.5 per cent

In these cases the absolute amount of excess profits, not merely the percentage return, is lower under the method of financing that allows the invested capital figure to be increased. Thus there will be a saving in excess profits tax even though the tax rate is not graduated according to rate of return.

[40] "Report of Committee on Federal Taxation", *Proceedings of the Twelfth Annual Conference on Taxation*, National Tax Association (1919), pp. 359-60.

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increase in the capital value of the property if the user had bought it instead of renting it—for example, certain kinds of property tax—calls for some adjustments. To justify reflection in invested capital at all, the lease must of course be a firm commitment for more than a minimum period of time, say a year. Otherwise it does not represent any appreciable amount of money at risk in the business.

If rented, capital equipment is to be included, no deduction can be allowed for rent paid—or rather, for that part of the rent paid over and above the part that is, to the owner, a return of capital, to cover the wear and tear on the equipment. To disallow deduction of the latter part would be analogous to disallowing depreciation on owned capital. The division of the rental into two hypothetical parts is more than a technical problem. What can be deemed to be the amount that is mere replacement of capital? If the owner of a specific piece of equipment, which has cost him $1,000,000 to get, leases it to the taxpayer for an annual amount that is more than enough to return the $1,000,000 (or so much of it as has been destroyed during the term of lease) plus normal interest, what can be said about the division of the rental? The rental usually appears as one figure; even if it did not, the tax authority would scarcely want to accept any division that the interested parties arrived at. In terms of alternative opportunities available to the owner of the equipment (for example, sale of the equipment), it is likely that the logical division would show a normal rate of interest paid (by the taxpayer) on a capital value well above the cost of acquisition (to the equipment owner), rather than a supra-normal rate of interest paid on the cost of acquisition. If the rental commitment is capitalized to arrive at invested capital, the remainder of the rental after depreciating this capitalized figure each year might be considered the interest element.

The exclusion of rented capital will normally exert pressure on the business firm to raise money and buy the equipment rather than rent it. The situation is analogous to that discussed above in No. 34. The "deduction" allowed when the capital is included (as it would be included if the concern raised

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money in a way that allowed inclusion and then bought the equipment, rather than renting it) is normally as large as, or larger than, the deduction of the interest element in the rental.

Kinds of Capital:
Non-Business Assets, Assets Yielding Exempt Income, Non-Reproducible Assets

36. The second group of questions relating to kinds of capital involves distinctions that appear when the approach is from the assets side of the balance sheet. The most important example is the division between business assets and non-business assets.[41] If no such distinction is made, a profitable concern can save excess profits tax by acquiring safe, low-yield investment assets; the high return on capital that results from the operation of the business proper can thus be averaged with the below-statutory return of the investment assets such as taxable government bonds or high-grade corporate bonds. The resulting average may be so low as to reduce or eliminate the amount taxable, or at least put it in a lower rate bracket.

37. The danger that taxpayers will use earnings to acquire more investment assets than they would hold in the absence of the excess profits tax is greatly lessened by the presence of a special tax on the retention of earnings beyond the normal requirements of the business — for example, Sec. 102 of the present federal income tax law (Revenue Act of 1938). However, this provision still leaves a corporation free to obtain assets by raising new capital.

The distinction would probably cause much more trouble among partnerships and single proprietorships than among corporations; would "non-business" mean "not actively used in the business", or "not even at stake in the business" (No. 53 below)?

No standard, objective criteria could very well be applied to make the distinction. In some lines, for example, insurance and banking, the holding of large investments in securiites is part of the business. That the distinction is practicable to some

[41] Haig, *loc. cit.*, pp. 41-43, 86.

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extent, however, is shown by the British experience in the World War.

38. Another distinction that arises under the assets-side approach concerns assets whose income is free from excess profits tax (no matter how large this income in relation to capital or base-period earnings), such as certain federal bonds under the United States tax in the World War. If these assets are admitted in computing invested capital, the tendency to acquire them is of course even stronger than the tendency noted in No. 36 above. Invested capital is thereby increased, but the income into which it is divided to get the percentage return is not increased at all. In fact, this procedure was allowed with respect to federal bonds under the World War excess profits tax; it constituted a large but (to the public generally) extremely well-hidden bonus for the purchase of such bonds.[42] If dividends to corporations are exempt, on the ground that they come from a source that has already paid tax, the corresponding stockholdings must likewise be excluded from invested capital if the inducement to escape tax by acquiring them is to be obviated.

39. An anomalous situation arises when assets that are inadmissible, because their income is exempt, give rise to a taxable capital gain upon sale or exchange. This occurred under the federal tax in the World War, and was handled by temporarily admitting the inadmissible assets.[43] Obviously, the anomaly will persist as long as "income" from a given type of asset is exempt and "capital gain" is taxable.

40. Sometimes an exemption of a certain type of income is partly or wholly offset by disallowing the deduction of expenses incurred in acquiring the income. Thus the taxpayer may not be allowed to deduct, in computing taxable income, the interest paid on loans used to acquire tax-free bonds. Such a provision raises no substantial issue if the excess profits tax includes borrowed capital in computing invested capital, for in that case (No. 33 above) all interest paid is disallowed as a

[42] Haig, *loc. cit.*, pp. 84-86.

[43] Montgomery, *op. cit.*, pp. 221 *et seq.*

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deduction anyway. It does raise an issue when borrowed capital is excluded and interest paid is therefore generally allowed as a deduction. The interest deduction being disallowed in this instance of tax-free assets, is there now a case for admitting such assets after all, in the computation of invested capital? The consistent answer is in the negative. Both disallowance of the expense and exclusion of the asset from invested capital are required if a bonus for the holding of tax-free assets is to be obviated. For instance, a corporation has an invested capital of $10,000,000 on which it is earning $1,500,000 a year, compared with a statutory $1,000,000, and hence pays excess profits tax on $500,000. It borrows $10,000,000 to buy tax-free bonds yielding $200,000 a year; it pays $150,000 a year interest on the loan. If the bonds, their interest, and the interest on the loan are all excluded, tax liability remains unchanged. If the bonds and their interest are excluded, but the interest on the loan is deducted, the profits drop to $1,350,000, and the excess profits drop correspondingly to $350,000. If the interest income is excluded, but the bonds are included in invested capital and the interest on the loan is deducted, the profit is $1,350,000 but the excess profits vanish, since the normal return has risen to $2,000,000 (10 per cent of $20,000,000).

41. Another possible distinction arising under the assets-side approach reflects an issue already discussed (Nos. 4, 19-20 above): which business assets might continue to be used even though they were given most harsh treatment, that is, excluded from invested capital but taxed as to their income? Presumably almost all assets actually in existence when the tax is first announced might fall in this group. But some of the assets will continue to exist only for a short time; others, as some types of land, will last indefinitely. Most of the former group can be reproduced; most of the latter cannot be. In the discussion in Nos. 21-25 above, it was pointed out that a common compromise in practice has been along a time line; the value of all the assets at a certain time, viz., the date of last sale of the business, has been the basic figure, with adjustment for later wear and tear, renewal, and new acquisitions. All assets

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are treated alike under this procedure. Another line of compromise is now apparent; some assets might be entered in invested capital at the one extreme of current appraised value and other assets at zero, the former being the short-lived reproducible kind, the replacement of which might be checked by taxation that encroached on vested property interests, and the latter being the non-reproducible or non-duplicable types. Apparently no excess profits tax has ever made this kind of distinction. The most important considerations against it are the technical difficulties of distinguishing the various types of asset, and the probability that the shock to property interests in non-reproducible goods would be transmitted to the property interests in the other goods.

Kinds of Capital: Isolating Excessively Profitable Business Assets; Consolidated Returns [44]

42. The possibility that a concern's non-business assets, yielding a less-than-statutory return, can be set aside and not allowed to pull down the average-percentage return for purposes of the excess profits tax (No. 36 above) suggests the further thought that the business assets themselves, of any one concern, might be divided into those yielding statutory or substatutory returns, and those yielding excessive returns. Only the income attributable to the latter would then be subject to tax, but the percentage return would be higher for this restricted group of assets than for the concern as a whole. The result might be either a certain amount of taxable income that would otherwise not appear, or a higher applicable tax rate (if the rate scale were graduated). In its extreme form the idea would involve the segregation of each asset or asset-group within the concern earning a unique return, and the separate application of a graduated rate scale to each. This, it may be assumed, is so impracticable as to warrant no further discus-

[44] Haig, *loc. cit.*, pp. 40, 47; *Facing the Tax Problem*, pp. 278-79, 281-82, 557-58; Montgomery, *op. cit.*, pp. 30-34, 71-79 (technique of segregation of "personal service" part of corporation); Senate Report No. 617, p. 123.

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sion; but it might be practicable to use a certain degree of segregation of this kind reaching beyond the simple division between business assets and non-business assets, although it appears that no excess profits tax law has yet attempted it. Where large concerns have several plants, there might easily be enough difference in profitability of the various plants to make the distinction feasible, even in view of the perplexities of allocating joint costs. The several units of a chain store system offer a familiar example. Where large concerns have several plants making distinct products, even the higher managerial functions may be split so definitely among the plants that the joint costs remaining to be allocated are not of great practical importance. Where a large concern consists of several affiliated corporations, the treatment of each corporation as a separate unit in computing excess profits is supported, formally at least, by elaborate accounting techniques, though the real difficulty of allocating various costs may be about as great as ever.

43. In principle—that is, waiving for the moment the matter of administrative limitations—what are the relevant considerations in these cases? The excess profits tax does not look to the total economic situation of any one individual. If he shares in an enterprise that turns out to be highly profitable, the fact that he also owns some low-yielding bonds of another enterprise is deemed irrelevant. By an extension of this argument, it is also irrelevant (as to the tax imposed on the profits of the first enterprise) if his interest in the second enterprise is a low-yielding ownership share. If the two enterprises are put under the same management while retaining their corporate identities, there seems to be nothing in the principle of excess profits taxation that calls for a change in the amount of the tax due. The same conclusion appears applicable if, finally, the corporate identities are merged. Such an argument is of somewhat uncertain value so long as the reasons for using an excess profits tax, in preference to some other tax, remain uncertain. If, however, validity is granted to the general assumption made for the present discussion, viz., that the excess profits

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tax is primarily a means of taking, for community use, some of the payments received by certain factors of production (chiefly capital) that exceed the reward needed to activate these factors, there is no need to make the amount of tax depend on the degree of association between various units of a given factor, unless the association is essential to the size of the rewards. If plant A could not earn its excessive profits unless plant B, with sub-statutory earnings, were associated with it in the same concern, there is a case for not treating plant A as a separate unit for excess profits taxation. A soda fountain in a small-town drug store may earn a large return on its investment, but if this is only on condition that it is associated with a prescription counter (commonly a burden on the enterprise, considered in isolation) that incidentally attracts customers for the soda fountain, it would contravene the principle expressed above to tax the soda fountain separately. Fundamentally, it is not possible to compute the profits of such a soda fountain alone with any near approach to accuracy. Converse examples, where plants, production centers, processes, counters (in a store), etc., are in an association of a type that is not particularly significant for the maintenance of the excess profits of one of the plants, centers, etc., can readily be found.

44. These considerations are relevant to the problem of consolidated returns. Evidently the answer need not be the same as under the ordinary income tax, where the underlying principle is to reach a given individual in accordance with his total net economic situation (aside from certain matters of capital)—or at least to reach a business unit, defined usually in terms of common management, in accordance with its total net results. It appears to be at least an open question whether consolidated returns should be permitted under an excess profits tax, let alone required, in all cases. If they are used, some problems peculiar to excess profits taxation need careful consideration, particularly the computation of invested capital, and the use of a base period. The problem of size (No. 16 above) is also relevant here.

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Kinds of Capital:
Conflict Between Assets Approach and Liabilities Approach

45. Another group of questions relating to kinds of capital refers to conflicts that may arise when the excess profits tax law uses both the liabilities-side approach and the assets-side approach. For example, the federal tax in the World War excluded borrowed capital and also excluded holdings of tax-free bonds; and the British excluded borrowed capital and also, to a certain extent, excluded non-business capital. When a given taxpayer has both exclusions, are they to be matched, and if so, how? If a taxpayer has $5,000,000 of business assets and $4,000,000 of non-business assets, financed by $6,000,000 bonds and $3,000,000 stock, the $6,000,000 exclusion, of course, cannot be added to the $4,000,000 exclusion. Is the larger of the two to be excluded? Or is one to be excluded only in the proportion that the other bears to the total assets (liabilities)? No wholly satisfactory answer seems possible; the difficulty is inherent in the inconsistency of the dual approach.[45]

Kinds of Capital:
Intangibles, etc.

46. A fourth group of questions on kinds of capital contains a number of points not easily lumped under one term. One of the most important includes intangibles—not intangibles in the property tax sense (for example, stocks and bonds), but in the sense of "patents, copyrights, secret processes and formulae, good will, trade-marks, trade-brands, franchises, and other like property".[46] They are the result of outlays whose influence lasts over more than one accounting period, and hence are in part properly capitalized, but that are not represented by any specific thing, as a building or a share of stock in another cor-

[45] Haig, *loc. cit.*, pp. 85-86; Montgomery, *op. cit.*, pp. 104-05, 211-13. The federal tax at first allowed the inadmissible assets to be offset against the borrowed capital, and the invested capital was decreased only by the remaining part, if any, of such assets (1917); later (1918) the invested capital was reduced by the ratio of the inadmissible assets to the total assets.

[46] Revenue Act of 1918, Sec. 325 (a).

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poration.[47] Good will is perhaps the outstanding example. The federal tax laws of the World War severely limited the inclusion of intangibles in computing invested capital when the intangibles had been obtained, not by parting with cash, but by issuing stock. This reflected a fear of easy evasion, since in some cases neither the stock nor the intangible would offer a firm basis for valuation, and the taxpayer might be able to get an unjustifiably high value past the tax administrator because of the latter's unfamiliarity with the particular situation. The limitation was chiefly in terms of a certain percentage of the par value of the total outstanding capital stock. This kind of a limitation gives rise to problems of definition or principle when one of a number of affiliated corporations is dissolved; when a stock dividend is declared, or when stock is retired and cancelled, subsequent to the acquisition of the intangibles; when money is raised by sale of stock and used to purchase the intangibles, in place of a direct exchange of stock for intangibles; when a taxpayer buys all the stock of a corporation (the question then is, does it buy merely a tangible — the stock—or the tangibles and intangibles constituting the assets back of the stock?).[48] Moreover, if borrowed capital is excluded (No. 33 above), and a corporation issues stocks plus bonds for unsegregated tangibles and intangibles, there arises an allocation problem similar to that discussed in No. 45 above.

47. When the corporation is increasing its assets by issuing stock, some rules are needed to fix the time and the conditions under which the increase can be held to have become effective—for example, when evidences of indebtedness are given to the corporation in subscription for its stock, especially where the debtors are officers of the corporation; and where a simple agreement to subscribe has been made.[49]

48. If a concern takes out insurance on the life of an executive or other employee, some questions arise concerning both profits and invested capital. Presumably, the insurance is taken

[47] A. E. A., "Report of the Committee on War Finance", pp. 19-21; Haig, *loc. cit.*, pp. 83 (note), 90-91; Senate Report No. 617, p. 126.

[48] Montgomery, *op. cit.*, pp. 165 *et seq.*

[49] *Ibid.*, p. 109.

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out because the concern estimates that if the executive dies it will for some time show smaller profits than it would have shown had he lived, pending the training or acquisition of another, or even thereafter, if he is to some degree irreplaceable. But this situation assumes that the executive is not taking full advantage of his economic power to demand a salary so high that the concern would be almost undecided whether to pay it or to get along without him. If the concern did pay such a salary, there would be little or no inducement for it to take out the insurance. Viewed in this light, the insurance is the concern's method of safeguarding its hold on some economic rent. If the executive dies, this argument leads to the conclusion that the proceeds should be included in taxable profits (prorated suitably over the relevant accounting periods) and should then, like other profits that have been passed through the tax mill, be added to invested capital. Meanwhile, the insurance premiums would have been allowed as deductions, but the face value of the policy would not have been included in invested capital.

49. A common and troublesome problem in the computation of invested capital turns on the division of outlays into current expenses and outlays that are to be capitalized. A current expense is deductible in full in the year in which it occurs; the other kind of outlay is added to the amount of invested capital and is then deducted (if at all) bit by bit over the years through depreciation, obsolescence, etc.

The problem becomes especially troublesome in the computation of invested capital for the first year of the tax, if the compromise method described in Nos. 21-25 above is used; that is, invested capital is deemed to be the amount paid for the concern on the most recent transfer of it, plus additions to capital and minus subtractions from capital subsequently. The corporation, not having foreseen an excess profits tax, may not have been particularly careful to capitalize all the outlays it could have capitalized; indeed, under the influence of an income tax law with isolated accounting periods, it may at times have leaned in the other direction. Is it now to be allowed to readjust its figures; and is such a readjustment practicable

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even if permissible? Again (see No. 22 above) a cry of discrimination against "sound" financial procedure is apt to arise.

50. Should notes and accounts receivable be included at face value in computing invested capital? Use of the current market value, or of the face value less reserve for bad debts, is of course more consistent in principle.

51. The figure set for invested capital would presumably be adjusted at least once a year; in many if not all cases, a half-yearly, quarterly, monthly or even daily adjustment may prove advisable, the total being averaged to a yearly basis.*

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* The concluding installment of this article will appear in the June issue of the QUARTERLY.—ED.

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THE SELIGMAN CORRESPONDENCE I

Introduction

THE late Professor Edwin R. A. Seligman enjoyed an extraordinarily wide acquaintance with economists both here and abroad. Fortunately he filed away most of the letters which he received. A number should prove of importance to students of economics for their bearing on current economic problems and on the history of economic thought.

The Seligman correspondence is especially significant not only because it includes some of the most eminent names in economic theory, but also because it covers the period in which economics developed as a distinct discipline in the social sciences. A few of these letters, written over fifty years ago, read like the productions of our contemporaries. Some tell us of the struggles, personal and intellectual, of economists; while others help to reveal the meaning of certain ideas advanced by leading economists. Finally, still others throw light on the teaching and status of economics over the last half-century both in the United States and Europe, notably the early history of the American Economic Association.

Various schools are here represented, from the Christian Socialists to the exponents of mathematical economics. The topics range from technical matters concerning consumers' rent and taxation to the broad issues of trusts and democracy. Students, puzzled over J. B. Clark's economics, will find him succinctly summarizing his views in a paragraph; Alfred Marshall's letters remove part of the obscurity surrounding his indebtedness to Fleming Jenkin, and his failure to publish certain early works until late in life.

The social philosophies of some of the writers stand out with a terrifying frankness not found in their books. The letters of H. S. Foxwell and Maffeo Pantaleoni help to explain the deep hold of authoritarian philosophies, on certain types of economists.

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The reader may also be interested to note that economists have their share of human virtues and foibles. On the one hand, he may be amused by their quarrels and sensitivity over imagined aspersions on their priority in certain doctrines. On the other hand, he will be impressed by their fearless stand for academic freedom even if the intended victims have heretical ideas.

Since a number of the writers, for example, William Ashley and Franklin H. Giddings, are claimed also by other social sciences, and since not a few letters touch on matters of interest to the related fields, part of this correspondence may also be of value to others than economists. Woodrow Wilson's letters may throw some light on his difficulties in understanding Europe.

The letters fall into two divisions; one deals with Seligman's American correspondents, the other with his European friends. It is hoped that the publication of these letters may encourage students to investigate the correspondence of other American economists, and that it may lead to contemporary economists making provision for the publication of their letters. It is not unusual for a student in the history of ideas to spend considerable time building up a circumstantial case as to occurrences and relationships, only to be forced to recast, if not to throw out, his material on reading a letter. Like statistical data, letters are invaluable not only in verifying and correcting prevailing conceptions but also in suggesting more adequate approaches to problems.

JOSEPH DORFMAN

Francis A. Walker[1]

Boston—Sept. 24, [1887?]

. . . . .

I fully agree with you that it is highly desirable to bring into the [American Economic] Association all classes of Amer-

[1] Walker (1840-1897) was the second American economist — the first was Carey—to achieve an international reputation. His most notable works—*The Wages Question* (New York, 1876), *Money* (New York, 1878), *Political Econ-*

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ican economists or at least to give no one a valid excuse for remaining outside.

The a priori economists will never again be numerous enough to dominate any catholic association in this country or any other. Perhaps some of them may on that account stay out; but we should certainly not give them any good and creditable reason for so doing.

I believe the real stumbling block to be our declaration of principles. It should never have been adopted; it should be repealed at the coming meeting. Some persons regard the principles announced as objectionable and dangerous in themselves. Others say that they deem any declaration of views, in an association founded on the promotion of research to be either useless or an actual hindrance to enquiry. Still others make our declaration of principles an excuse for staying out of the Association to which their real objection is that they could not hope to control it.

Whether anything could be done in advance of the meeting of the Association, to draw in to us the Yale and Harvard people, I entertain great doubt. I do not think they would come in while the declaration to which they object remains unrescinded; but if there be any reason to suppose that the most cordial invitation, short of begging them to come as a favor to ourselves, would bring these people in, you may count me as heartily in favor of such a measure.

. . . . .

If my slipping down from the presidency would promote harmony and extend the usefulness of the Association I shall

omy (1883)—were influential not only in the American stream of thought, but in the main English line represented by Marshall. His attacks on the wages fund theory and his stress on the preëminent rôle of the captain of industry in economic organization set the tone of the subsequent literature in economic theory.

As director of the census in 1870 and 1880, he was influential in making the American census the envy of European countries. Respected by both the organizers of the American Economic Association, and those they deprecated as followers of the "old school", Walker was elected the first president of the American Economic Association in 1885. For an account of Walker see J. P. Munroe, *A Life of Francis Walker* (New York, 1923).

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cheerfully yield to any one who may be named—even [William Graham] Sumner.[2]

John Bates Clark[3]

April 25, 1887.

I am in favor of the motion [to send distinguished opponents of the American Economic Association special invitations to join]—and am, in fact, heartily glad you made it. The Yale circle may be construed, I think, as including Professor Colby of Dartmouth, and all of these younger men will, if Professor Sumner is invited, be debarred from saying that the American Economic Association "is organized on a platform of oppo-

[2] The "statement of principles" was drawn up by H. C. Adams of Cornell, Richard T. Ely of Johns Hopkins, Professor Alexander Johnston of Princeton, Professor John Bates Clark of Smith, and the Reverend Washington Gladden. It read as follows:

"1. We regard the state as an agency whose positive assistance is one of the indispensable conditions of human progress.

"2. We believe that political economy as a science is still in an early stage of its development. While we appreciate the work of former economists, we look not so much to speculation as to the historical and statistical study of actual conditions of economic life for the satisfactory accomplishment of that development.

"3. We hold that the conflict of labor and capital has brought into prominence a vast number of social problems, whose solution requires the united efforts, each in its own sphere, of the church, of the state, and of science.

"4. In the study of the industrial and commercial policy of government we take no partisan attitude. We believe in a progressive development of economic conditions, which must be met by a corresponding development of legislative policy."

In 1892, after the Harvard group had joined, the "statement of principles" was dropped, Ely was replaced by E. A. Ross as secretary, and Walker's presidency came to an end with the selection of Charles F. Dunbar of Harvard, one of the original opponents of the American Economic Association.

[3] Clark (1847-1938) was the leader and foremost figure in developing the marginal utility approach in the United States. His *The Distribution of Wealth* (New York, 1899) and *The Philosophy of Wealth* (New York, 1885) are the main source of the dominant veins in "pure" and "welfare" economics in the United States. He was the third American economist to be internationally recognized, taking first rank with Jevons in England, Walras in Switzerland, and the Austrians—Menger, Böhm-Bawerk and Wieser—in the presentation of marginal utility economics.

He was among the first Americans in the seventies who went to Germany for advanced work in the social sciences. Returning in 1875, he accepted a post in Carleton College where he became professor of political economy and

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sition to Sumner." I am also anxious to secure the Harvard men, especially Professor [Frank W.] Taussig.

The practical effects of the invitation cannot be otherwise than good. Not all will be likely to accept, but some will, I hope, do that, and the Association will be placed on a broader basis.

Oct. 17, 1890.

You have been very good, and have done just what I wished [about Clark's review of Marshall's *Principles of Economics*]. I knew that keeping out of the *mêlée* on Distribution involved less adequate treatment of the work. My impulse was to plunge straight into that part, shifting nearly all the earlier parts; but I found myself stopped short by this difficulty: how could I in a review of Marshall's theories put one of my own forward as more correct? The case in point occurred early in the treatment of Wages and Interest. My theory has three chief points: (1) the treatment of both labor and capital as during any one interval pure funds, nearly determinate in quantity but indeterminate in form; (2) the application to wages of the principal of marginal productiveness that had already been applied to interest when my theory was issued; (3) the making of the marginal productiveness of labor to vary with the amount of capital, as well as inversely as the amount of labor itself; also the making of the marginal productiveness of capital to vary directly as the amount of labor (not *in amount* in the same ratio, but in the same direction) as well as inversely as the amount of capital itself.

The above is a very crowded statement of three chief bases of my Law of Distribution. I understand that Professor Mar-

history. From 1882 to 1893 he was professor of political science and history at Smith College; and after two years at Amherst as professor of political economy, he accepted a similar chair at Columbia University. He was one of the prime movers in the organization of the American Economic Association and the first director of the Division of Economics and History of the Carnegie Endowment for International Peace (1911-1923). For an account of Clark see *John Bates Clark: A Memorial* (privately printed, 1938); see also *Economic Essays Contributed in Honor of John Bates Clark*, edited by Jacob H. Hollander (New York, 1927); and Paul Homan, *Contemporary Economic Thought* (New York and London, 1928), pp. 17-103.

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shall adopts No. 2, but not Nos. 1 and 3. I understand that there is in Böhm-Bawerk's theory that which would harmonize with and corroborate No. 3, though in my reading I did not exactly find it expressed in [such] terms. In speaking of Böhm-Bawerk I am reminded of what would be the fourth point, if I mentioned a fourth, namely, the necessity of including land in the fund if any correct law of variation is to be attained.

Now I could not see a way to avoid directly referring to my own theory if I went into this subject at all. If I avoided a reference to it I should do what would be equivalent to saying that I had no theory that I regarded as a contribution to the solution of the problem of distribution. Is there, in your judgment, any way in which the difficulty can be avoided? It is possible that a direct reference to my fragmentary published statements of parts of the theory might be made in a way that would be more tolerable than it appeared to me. In preparing the notice I found myself wholly shrinking from any such reference, and resorting to the alternative of inserting a hint only of the relation between the theories. I have intended to give practically all my time to getting into shape a book on Distribution, and it will not do for me to greatly retard the preparation of this book. I do however see that you offer to me an opportunity for a rather telling blow, if the difficulties can be avoided.

I wonder whether Professor Marshall's theory does supplant mine at any of the essential points? I shall certainly read it diligently with a view to detecting such a fact, and should value suggestions as to where the points are. Is there anything more than a new formula for a principle that every one has used in the law of Substitution? I would on no account wish to fail to catch a point when Professor Marshall has displaced something in my system. I am afraid I have failed to do this up to this date.

I was willing to let myself out a little on Rent simply because I have not published anything on the point—concerning the relation of Rent and Price.

. . . I should be willing to go into the treatment of Distribution by Professor Marshall, if I could avoid (1) ignoring

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my own theory, (2) bringing it into view in the course of a treatment of his theory and saying, in effect, that my own is better. . . .[4]

May 30, 1891.

. . . . . .

. . . [George Gunton's *Principles of Social Economics*] is extremely bright,—I may say acute. In subtle thought it [is] liable to err. The idea that machinery needs production on a large scale, and this needs diffused consumption, elevated wants of laborers, and wages to match them, seems to me to be true and to need emphasizing. It guarantees to workers a share in the benefits of civilization.

Value as a relation of labor to commodities seems to me to be in so far right that the ultimate *basis* of value is personal sacrifice, and gratification at the point when it is quantitatively equivalent to the sacrifice—Perhaps this is not clear, but it is expressed in an article in the Harvard *Quarterly Journal of Economics* ["Distribution as Determined by a Law of Rent", April 1891, pp. 289-318].

In attacking the law of Demand and Supply Gunton[5] seems to me to begin to stray. His first criticism, namely, that when overproduction exists goods are stored and production slack-

[4] Clark's review of Marshall appeared in the POLITICAL SCIENCE QUARTERLY, March 1891, pp. 126-151. Professor Seligman had written Marshall on August 22, 1890: ". . . [The Principles of Economics] is a remarkable work—remarkable for the knowledge displayed as to the latest advances in continental researches as well as for the holding fast to what is best in the old classical doctrines. It will be an excellent antidote to those extreme votaries of the historical school who see no good but in details—but it will at the same time open the eyes of the uncompromising adherents to the undiluted doctrines of the classicists. So . . . [many of the books] written of late in Germany—as e.g. [Gustav] Cohn's recent volumes [*System der Nationalökonomie*]—while stimulating are yet so undecided and unprecise in their conclusions that it is refreshing to read the logical clear cut chapters in your work. . . . As I consider J. B. Clark as in some respects the ablest economist we have on this side, I shall get him to undertake the review for the Political Science Quarterly."

[5] George Gunton was an ex-labor leader who started an Institute for Social Economics in New York City with the backing of New York philanthropists including Seligman. The American Federation of Labor hailed him as the great authority on economics, for his articles and book ostensibly defended its demand for an eight-hour day. His later career alienated what respect he had had from serious students of social problems.

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ened, rather than that a slaughter sale should take place, is saying what any believer in the law would say also. His criticism of the law as applied to labor opens his confusing series of studies of rising crops, large consumption, large production, etc. that has baffled him and will baffle most readers. I think that if the real meaning of "demand for labor", i.e., entrepreneur's demand, be known it will be equivalent to quantity of labor that entrepreneurs can find places for at a certain rate of pay. Too many workers would mean lessened productivity per man, lessened pay, and lessened consumption per man directly caused by lessened production per man.

Gunton starts with a rise or fall of wages as a *cause* and traces its effects in increased or diminished consumption—by the workers. That is not the place to start. As I have heard Mr. Gunton present his view orally he seemed to me to have in mind a rise in wages brought about by wants on the workers' part followed by some determined effort or will in dealing with employers, and hence to be thinking of wages as a share in distribution determined in a half-arbitrary way. Give the men more money per day; then they will consume more; then machinery will operate, and everybody's rewards will increase. The error seems to me to lie in not seeing that the rise in wages is not arbitrary. It cannot be had by wanting things and making a determined effort to get them. It is governed by the marginal productivity of labor. A wage is a laborer's product. Higher wages for men mean a larger amount of usable things due to the labor of men. When this comes about by natural causes the good results in the way of larger production by machinery follows. Invention makes the marginal productivity of labor and capital both larger. Aside from that growth of capital in amount makes the marginal productivity of labor larger.

Apr. 6, 1892.

. . . . .

[*The*] *Distribution* [*of Wealth*] moves but slowly. When it appears it may seem as though it ought not to have required so long a time. One writing will, as I now hope, be completed early in June. It will take the available time of another

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collegiate year to finish and print the book. . . . Most of the chapters contain matter that has already appeared in some form in articles, monographs, etc. I have not been able to mass the new material.

If I were in a mood for digressions I would submit something on the possibilities of a *referendum* in the United States. I wish some one would go, by a few strata, nearer to the bottom of that subject. . . . In certain spheres I have almost come to a positive belief in it as a safeguard for wealth itself. . . .

September 26, 1895.

I am about taking the plunge into New York life and work. What will come of it, we shall see. For a time it will be as strange to me as a journey in Russia; for though I have lived in cities I never worked in a city, or got entangled in its complex life.[6]

June 23, 1900.

. . . . . .

I think, with you, that it is quite practicable to distinguish static influences from dynamic ones in connection with particular phenomena; and I am not at all sure what will, in the end, be the approved order of treatment. What I do feel sure of is that, in itself, the realm of economic statics is a distinct one. It may be that the more useful way of describing static phenomena will not be to mass the description in one generic part of the science. I had a letter from Professor [Simon N.] Patten to the effect that he was, at first, disappointed at not finding more new material in the book [*The Distribution of Wealth*], but had come to value it for its systematizing work. I rather think he meant that the material had been contained in early essays of mine. I scarcely think he can mean that I have systematized other men's ideas, yet his letter might easily have conveyed that meaning to a reader. I wrote to him, that there are few bits of property to which I attach so large a value as I do to the title—whatever it is—that I may have acquired *by the early essays* to the scientific material now em-

[6] Written from Amherst on the eve of departure for his new post at Columbia University.

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bodied in this book. At this date the book cannot do the preëmpting work; for the ideas have made their way into other literature, and it would be easy for a reader to think I have cribbed them. Patten's letter was in a form that would have confirmed that impression. I do not worry at all over it.

June 28, 1903.

. . . . .

Veblen and Cummings[7] have attended my lectures [at the University of Chicago] and I have greatly enjoyed their society. Veblen is, if I can judge, the ablest of the six economists here—I think the man in the university extension work makes a seventh—though, of course, [J. Laurence] Laughlin is the best known. Veblen is a quiet mouse-like man who has such a gift of reticence that one has to force things out of him in order to get any impression of what he is capable of.

April 3, 1906.

. . . . . .

My book has actually gotten on somewhat. I think twelve more chapters will finish it. I am getting the crude material for these chapters by lecturing on just the set of themes they will try to cover. This plan makes the latter part of the course in Economic Dynamics coincide with the latter part of the book—I hope with advantage to both. My son, John Maurice, takes very accurate notes of the lectures and hands them over to me. I enjoy having him with me, as you may well imagine.

August 27, '06.

. . . . .

. . . I dictated the first draft of the last chapter of my book on Essentials of Economic Theory today. Is that a good title? I can never judge as well as others how well a name does what we wish it to do. The book deals with economic law from cover to cover and yet it has chapters on money, protection, monopoly, trade unions, arbitration, boycotts, the eight hour movement, etc. It deals with very practical phe-

[7] Thorstein Veblen and John Cummings were assistant professors in the department of political economy. Veblen had been Clark's favorite student at Carleton College.

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nomena in a theoretical way. I might call it an Outline of Economic Law or of Economic Static and Dynamic or something else. . . .

Sept. 6, 1906.[8]

. . . . . .

It is rather more than queer that Taussig should find fault with me for treating certain incomes as surpluses when I have insisted that only one income is fixed as a surplus, namely, profits in the strict sense. . . . I have claimed that, in a static adjustment, one may as well put wages and interest in the apparent position of surpluses as put rent of land in that position.

. . . . . .

Taussig sees in total value nothing but ratio of exchange of a stock, while others prefer to follow [Karl] Knies in recognizing that this exchange ratio measures something in the thing exchanged and in the other things with which it is compared. . . . A word based on Taussig's statement about exchange value on page 630 of the Quarterly in connection with some references to the Knies view — that exchange value measures the common entity *sociale gebrauchswerth* might show that he would have done well to look more deeply, might it not?

. . . . . .

September 18, 1906.

. . . . . .

It is refreshing to have him [Taussig] criticise the points of mine which he refers to on the ground of theoretical correctness. The more troublesome critic is the one who accepts the doctrine and imputes it to some later or some contemporaneous author. The English usually speak of the whole final productivity theory as Marshall's, though he did not put it in the early edition of his book.

[8] This and the following letter were the outgrowth of a celebrated controversy between Professor Taussig and Seligman over Taussig's review of Seligman's textbook in the *Quarterly Journal of Economics*. Since Seligman avowedly based his treatise on Clark's work, Taussig had devoted his basic criticisms to Clark's views. Seligman sent in a rejoinder which had the benefit of Clark's advice. ("Seligman's Principles of Economics, a Reply and a Re-

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May 11, 1911.

I have been making a paper on "Taxation" which is a subject that, in our academic division, falls in your *gebiet* rather than in mine. I believe, however, that the broad toleration which our faculty practises allows any one to write about anything. I have often, in debating with single tax advocates, been challenged to produce a better system than theirs, and have occasionally promised to do it when time should permit.

What I am saying in the present paper is that a property tax which should operate equally on all owners and hit all capital, would have to assess *productive instruments of every sort, in the hands of entrepreneurs* leaving economic law to put the ultimate burden on the capitalists. I once expressed this view in a conversation with you and you agreed with me that the basic trouble with present taxation is the idea that we must find owners and tax them personally.

. . . I do not recall that the plan you favor goes to the length of finding productive instruments, wherever they are working, making the users pay the tax trusting to the shifting to place it where it belongs—on the capitalist and no one else. That, at all events, is what I have long believed in and advocated, whenever I have been placed where I needed to advocate anything in this line.

June 14, 1911.

. . . I call the paper "The Tax Gatherer's Struggle Against Natural Law" and this means something like the following:—

(1) Putting a large share of direct taxes on income-bearing instruments would, if successfully done, give, not ideal results but something so much nearer to them than what the present system yields that we could count on supplementary measures to complete the system satisfactorily.

(2) What baffles the effort to do this is depending on the assessors to establish the fact of *virtual ownership* of the capital goods through loans to the entrepreneurs. We try to find

joinder", *Quarterly Journal of Economics*, November 1906.) Some other sidelights on this controversy appear in the letters from Taussig to Seligman.

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and tax paper titles, and they elude us. Back of them are somewhere real and material capital goods. We should find these and throw the question of ownership of the capital to the winds.

(3) If we find these goods—as we can do—and tax them in the entrepreneur's hands, economic law will find the virtual owners, the capitalists.

(4) It will do this by affecting the rate of interest as this is determined by the productivity of marginal increments of capital. The tax would effect a "horizontal reduction" of the product of capital goods generally.

(5) With the vast amount of capital subject to the tax, the rate could be low and the honest owner of investments would find it a relief.

(6) Though such an assessment looks formidable as an administrative measure, it is so only because of the amount of work to be done and is not as essentially difficult as taxing importations.

I think the above is a fairly complete list of points. They embrace what I have always believed and taught as to the theory of taxation.

If any reference to passages in your books is called for, as it well may be, kindly send me the passages in such form that I can cite them. The last thing I wish to do is unconscious duplicating of others' work. This I have never printed, though I have otherwise used it for many years.[9] . . .

Aug. 21, 1911.

. . . . .

As to the [Carnegie] Conference [of selected social scientists from eleven countries convoked by Clark at Basle]—all came who could be expected—Marshall and Schmoller declined on grounds of age and inability to bear journeys and disturbing conditions. Hobhouse came for a day or two, but declined to be a member of the Conference. Hirst stayed as long as he could, but the English crisis called him home at the end of the

[9] The paper appeared in the *Atlantic Monthly*, October 1911, as "Taxation and Natural Law".

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second week. Leroy-Beaulieu and Luzatti remained three or four days.

. . . We began with a dinner . . . and had some free talking. Most of this was in a good, helpful spirit but one speech scared me out of a night's sleep. It was by Schiemann [Professor of the history of Eastern Europe, University of Berlin] and was fiercely warlike. We all wondered why he came. All the same he proved to be one of the very best men on the list. . . . There were three committees each having a class of topics in charge and most of the time for a day or two after organization was used in committee work. This had (1) the effect of expediting business and (2) the effect of confining attention to scientific investigation and keeping it off from general talk about war and peace. They all got deeply interested and worked like beavers—Schiemann was very helpful; so were Brentano, Borel, Paish, Hirst, Reinsch, La Fontaine, Böhm-Bawerk and Philippovich. All the others were very earnest and helpful; but perhaps those I name did rather more than others. The Japanese member, Sakatani (Baron and Ex-Minister of Finance) was admirable. His colleague, Ogawa, was quiet but good. We have a great lot of work laid out in the final reports of the three committees as adopted by the Conference.

Frank W. Taussig [10]

May 15, 1886.

I have a scheme on hand in which I should like your co-operation if possible. Have you seen Ingram's article in the volume of the *Britannica*, recently issued, on "Political Econ-

[10] Taussig (1859-1940) taught economics at Harvard for fifty-three years, and earned the reputation of being the most successful pedagogue in the subject. His underlying social philosophy was reminiscent of that of Alexander Hamilton; but his formulation of the principles of economics followed the tradition of John Stuart Mill. He was never in full sympathy with the dominating marginal utility economics, but by virtue of his position as head of the Harvard department of economics and as editor of the *Quarterly Journal of Economics*, he exercised a tremendous influence on American economists. His greatest contribution to the development of economic thought was his unparalleled catholicity in handling the *Quarterly Journal of Economics*. His conservatism in both economic theory and practice was universally recognized, but,

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omy"? It is an excellent sketch of the history of political economy,—the best in our language;—by all odds. It is just what I want, as a book of general reference for the students, in one of my next year's courses. Now, Messrs. Scribners offer to reprint it,—provided as many as 100 copies are taken. . . . It occurred to me that some of your students would possibly find the article useful as a general reference book; and that you might be willing to take some copies for their use. . . .[11]

Oct. 6, 1887.

. . . . .

We are arranging for a few lectures by outsiders, to be given on successive Monday evenings, and hope you may be able to give one of them. Any subject in economics will do; the more practical, the better. . . . The audience will consist chiefly of undergraduates, with a sprinkling of general public, and the treatment ought to be somewhat simple, yet not too much so. . . . We should be particularly glad to have you, at least I should, because you represent a way of handling economic questions with which I am greatly in sympathy.

Oct. 14, 1890.

I shall attend the American Economic Association meeting and shall read a paper. James[12] and Clark have been after

gifted with the ability to discern significant though often heretical developments in economics, he opened the journal to obscure writers even though he considered their views outside the pale of sound economics.

[11] The Reverend John Kells Ingram (1823-1907) was successively scholar, fellow, professor of oratory and English literature, professor of Greek, librarian and senior fellow at Trinity College, Dublin. His address *Present Position and Prospects of Political Economy*, delivered in 1878 before the British Association for the Advancement of Science, marked the beginning of the English wing of the German historical school. The Encyclopaedia article was an amplification of the address.

Ingram, following Comte, held that economics could only be studied as a part of sociology and the fundamental sociological principle was that the laws of social development or "dynamics" must be based on the laws of social order or "statics".

[12] Edmund J. James was head of the Wharton School of Finance and Economy of the University of Pennsylvania. With his colleague, Simon N. Patten, he unsuccessfully attempted to promote an association to be called the Society for the Study of National Economy. He was one of the leaders in organizing

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me, and I had written to them also. I quite agree with you that the Association should be the common center of interest for all of us, and shall be glad to help every step toward making it so. The first step seems to me a change in the officers, which you say is in contemplation.

As to the past, the Association started in an unfortunate way and has never quite rid itself of the peculiar innuendos of its first days. . . .

Jan. 12, 1891.

. . . I have looked over Knies again, and still doubt whether it is a good thing to begin with for . . . translations [under the auspices of the American Economic Association].

. . . The book seems to me significant of a change, of the beginning of a new movement, and not *per se* a very important or valuable contribution. It is interesting historically, much like Comte's passages on political economy.

I admit there is right in your remark about [Gustav] Cohn: that often his style alone prevents him from sinking into commonplace and that the style is very hard to reproduce. I should be glad to see [Adolf] Wagner taken in hand where one can hardly make the style a great deal worse. And I am sure teachers and students would get great enlightenment and broadening from Wagner. Wagner or Cohn: either one I should still prefer to Knies.

If the money question is an obstacle to so long a thing as Cohn or Wagner, why not try [Karl] Rodbertus? The growing interest in the literature of socialism, and the relations of Rodbertus to Marx of whom there are now several editions of the translation; the permanent importance of Rodbertus in the history of socialist speculation — these might make Rodbertus worth while. Another possibility is [Friedrich] Lange's Arbeiterfrage, which, though twenty years old, still would stand fairly well to represent the general German attitude,— and a very good sort of one.[13]

the American Economic Association. Later he was president of the University of Illinois.

[13] The Association dropped the project of translations. Cohn's chapters on the history of economic theory in his *System der Nationalökonomie* were trans-

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[Rome] January 31, 1895.

. . . . . .

. . . Pantaleoni, who is now in business here, (he resigned his post at Bari three years ago) is uncommonly hospitable, and is a man of wide reading and great ability. Among the other economists in Rome, a young (our age!) docent named Valenti is very promising. I think [Achille] Loria generally overrated, though unquestionably an able man. Socialism has run away with some of the younger men, as [Francesco] Nitti's *La Reforma Sociale* shows sufficiently.

. . . . . .

Aug. 8, 1906.

Our present system in Economics 1, is as follows. There are three exercises a week, of which two are lectures, and the third is for section work, something like what you call a quiz. The lectures are given to all the men in a large lecture hall. During the first half year I give all the lectures; during the second half year they will be given (1906-7) by [A. P.] Andrew and [C. J.] Bullock. For the section work the men are divided into sections of about thirty men each, and meet weekly in separate rooms, and at various hours, in the charge of younger instructors. Each instructor has three or four sections, and there are four or five instructors. The first thing at the section meetings is a sort of examination. A question is put on the board and answered in writing during the first twenty minutes; these papers are read and a record kept of the results. The rest of the hour, thirty-five or forty minutes, is given to oral discussion.

Last year we used three textbooks, Mill, Walker and Seager. Specific assignments of reading are made for each week. The lectures cover the same topics as the reading, and the question of the week is on both reading and lectures.

To insure consistency, the lecturer in charge (for instance myself) meets the younger instructors weekly at a stated hour.

lated by Joseph A. Hill, as a *History of Political Economy*, supplement to the *Annals of the American Academy of Political and Social Science*, March 1894. His *System der Finanz-Wissenschaft* (*Science of Finance*) was translated by Veblen in 1895. Rodbertus' *Sociale Briefe an von Kirchman* was translated by Julia Franklin as *Overproduction and Crises* in 1898, with an introduction by John Bates Clark.

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Then the questions to be asked by the instructors are submitted for approval, and the work of the week talked over.

This system is of my devising, and has worked better than anything we have tried. It has now been adopted in two other large courses, History I, and Government I. . . .

Sept. 18, 1906.

. . . . .

I might say that you and Clark were in the position of some of our younger American naturalists (Cope and others, I think) who are trying to advance beyond Darwin, and have made a mess of it. But I have not said anything of the kind, and I wont. As to my own views, I am turning various things over in my mind, and if I ever write on the subject at large, probably will be found much less conservative than you think.

Sept. 13, 1906.

. . . . .

You think me hopelessly behind the times. I think you are disposed to accept too unhesitatingly the results of the latest book or research, forgetting how often these latest results are discarded after a few years. Thus, I believe firmly that Clark's work, which you esteem so highly, will be in ten years in the position of F. A. Walker's now—admitted to have had a stimulating influence, but discarded as to most of the essential doctrines. Of course, you won't agree with me in this, and time only can show which of us is right.

July 21, 1910.

. . . . .

I am at work on a book which I sometimes think is good and sometimes feel sure is poor.[14] It will probably not seem to you the right *kind* of book. But then difference in the way of dealing with our subject must not affect our personal relations.*

[14] This was *The Principles of Economics*, which became one of the most popular college textbooks.

* A second installment of the Seligman letters will appear in the June issue of the QUARTERLY.—ED.

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REVIEWS

Introduction to the Study of the Law of the Constitution. By A. V. Dicey. Ninth Edition with Introduction and Appendix by E. C. S. Wade. London, Macmillan and Co., Limited, 1939.—clvi, 681 pp. 15*s.*; $5.00.

The first edition of Dicey's great treatise was published in 1885 and the eighth, the last to be prepared by the author, in 1915. In each successive edition up to and including the seventh, which appeared in 1908, Dicey revised his text with a view to keeping it abreast of recent constitutional developments, but in the eighth edition he retained the text of the seventh, prefixing to it a long introduction in which he commented upon changes of law and convention since 1885, in relation to the guiding principles of the constitution as he had expounded them, and analyzed what he regarded as the principal new constitutional ideas. In this ninth edition the editor, an authority on English constitutional law of outstanding reputation, reproduces the text as finally revised by Dicey in 1908, believing that in a work of this kind the author's words should stand as the expression of his opinion, "with the text of which no edition by another hand should tamper." His own contribution consists of a new introduction (130 pages in length) from which he has omitted, "after anxious consideration", all reference to Dicey's discussion of new constitutional ideas, the addition of new footnotes to the text, and an appendix, for the most part new, containing sections on Administrative Law, Public Meetings and Liberty of Discussion, Dissolution of Parliament, Swiss Federalism (reproduced from the introduction and, with alterations, the appendix to the eighth edition), Duty of Soldiers called upon to disperse an Unlawful Assembly (reproduced from the appendix to the eighth edition), and a concluding section containing the texts of certain statutes. With a rare considerateness the editor refrains from mentioning in his preface the names of two friends who had given him assistance, "lest they should feel barred by the convention which is thought by many to preclude reviews by persons whose help an author acknowledges in his preface." The extent of the obligations acknowledged by some authors is so great as to make it difficult to obtain competent reviewers of their books.

Mr. Wade's introduction is a critique, in the light of constitutional developments since 1885, of Dicey's basic constitutional prin-

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ciples — the sovereignty of Parliament, the rule of law, and the dependence in last resort of the conventions of the constitution upon the law of the constitution. Dicey was a master of exposition, and his work made so profound an impression that the principles which he formulated came to be looked upon as immutable dogmas. Before very long, however, skepticism arose among close students of the actual working of English government, especially with regard to the second and third of the principles. Dr. W. Ivor Jennings, by no means the earliest of Dicey's critics though in Mr. Wade's opinion the most formidable of them, has attributed Dicey's principles to his adherence to the Whig tradition in politics. It has been pointed out that Dicey took a restricted view of both the law and the conventions of the constitution, that he neglected modern statute law, and that he did not concern himself with the administrative activities of government. Dicey himself in his later writings, to which Mr. Wade makes many references, realized that the conditions of 1885 had changed, especially that laissez faire had yielded to collectivism as the dominant philosophy of English government, and he was not unaware that these changes had a bearing on the applicability of his constitutional principles.

We may well agree with the editor that Dicey's book is more valuable to the historian "who seeks to appreciate the outlook of a notable adherent of the Whig school of political thought in the later years of Queen Victoria" than to the student of the present-day English constitution. We may even conclude that deference to Dicey has been a hindrance to a realistic approach to the study of the contemporary constitution. But to say this would be to speak in high praise of Dicey; it would be to rank him with those men of genius in the limitless field of human thought whose opinions have been exalted to the status of axiomatic principles. Of the profound influence exerted by Dicey's teachings there can be no question. In the words of Mr. Wade, "Dicey's conception of the rule of law . . . has played, and still plays, its part in strengthening the tradition of political liberty which is the foundation of our parliamentary government. . . . That public opinion today is influenced by Dicey's exposition of the opposition of the common law to inroads upon individual liberty may be evidenced by the storm of criticism which greets every extension of administrative law. . . . It is to Dicey that the politician as well as the lawyer turns whenever a threat to individual liberty is proposed."

ROBERT LIVINGSTON SCHUYLER

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The Life of Greece. By WILL DURANT. New York, Simon and Schuster, 1939.—xviii, 755 pp. $3.95.

As an historian of Greek civilization, Will Durant can be dismissed briefly. *The Life of Greece* differs from other third-rate textbooks only in its few cautious pages on sex, in its striving for "style", and in its romantic "philosophizing".

As a phenomenon, however, the book presents a challenge and merits closer examination. Mr. Durant reflects a trend and employs a technique which he shares with other currently popular sources of "historical" knowledge. (The following analysis can be paralleled point for point in films like *Santa Fe Trail* and novels like *Gone with the Wind* or *Oliver Wiswell.*)

There is, according to Durant, an essential sameness of institutions and problems through the ages. This thesis is proved in two ways: by tireless repetition of the statement and by twisting ancient institutions until they fit a modern frame (as in the discussion of Minoan civilization, for example). One of the "unchanging" factors in history is race. "It is almost a law of history", he writes in introducing the battle of Marathon (p. 234), "that the rugged, warlike North conquers the easygoing, art-creating South." Breathlessly he cheers on the rugged North in its heroic struggle to save Europe from "the enervating mysticism of the East." They win at Marathon, but in the end "we shall see Greek civilization . . . exhausted in soil and loin and spirit; surrendering to the autocracy, quietism, and mysticism of the Orient" (p. viii). (In the matter of sex relations the chromosomes seem to have become confused, for Athenian custom and law "represent an Oriental retrogression from the society of Egypt[!], Crete, and the Homeric Age" [p. 305].)

Racism is naturally accompanied by the notion that it is the leader-hero who molds history. Mr. Durant reveals a deep distrust of democratic forms and a contempt for the "mob". Thus, after Solon produced "one of the encouraging miracles of history" by his "peaceful revolution", Athens needed the tyranny of Peisistratus, a man with "sufficient iron in his blood to beat the disorder of Athenian life into a strong and steady form, and to establish by initial compulsion those habits of order and law which are to society what the bony structure is to an animal—its shape and strength, though not its creative life" (p. 121). Athens achieved greatness under Pericles because "while enjoying all the privileges of democracy, [she] acquired also the advantages of aristocracy and dictatorship. . . . History through him illustrated again the principle that

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liberal reforms are most ably executed and most permanently secured by the cautious and moderate leadership of an aristocrat enjoying popular support" (p. 249).

Though a minor note, the rather extended discussion of sex relations deserves comment as illustrative of Durant's perfect Philistinism. The book is peppered with "wicked" epigrams: "The Athenians are too brilliant to be good, and scorn stupidity more than they abominate vice" (p. 297). The leader-hero is permitted an occasional lapse: "It seems hardly credible, and yet on second thought most natural, that the stern 'Olympian' [Pericles] should have been keenly susceptible to the charms of woman; his self-control fought against a delicate sensibility, and the toils of office must have heightened in him the normal male longing for feminine tenderness" (p. 252). Anthony Comstock wins out in the end, however. He would have relished both the bitterness and the prurience of the diatribe against the "filth" of Aristophanes (pp. 420 *et seq.*).

Mr. Durant has read fairly widely, but not enough or with sufficient discrimination to avoid innumerable errors or to be able to distinguish between a wild guess and a sober judgment. Apparently the main function of his research and learning is not to enlighten but to impress the uninitiate (with the assistance of reviewers in the daily press who know next to nothing about Greek history). How else can one justify the bibliography of over 200 indiscriminate items, in which ten works of Aristotle appear alongside of Alexis Carrel's *Man the Unknown* and Breccia's technical and inaccessible *Alexandrea ad Aegyptum*, or in which Mahaffy's outdated *Empire of the Ptolemies* (1895) is listed but not Bevan's book which displaced it?

The following series of contradictory statements on one of the most fundamental aspects of Greek life—who did the work?—illustrates the irresponsibility of the book. On page 250, Durant says that Pericles "made the state an employer on a scale unprecedented in Greece" in order to "give work to the idle." The obvious implication is that this was a works program for the benefit of Athenian citizens, or at least for the free inhabitants. Five pages later, however, we are told that all slaves and women, "nearly all workingmen" and "a great part of the trading class" were excluded from citizenship. Still on the same page, the small business men, wage-working citizens, and the personnel of the fleet turn up as the majority in the assembly. On page 273, finally, the personnel of the fleet is transformed once again, this time into slaves.

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Only the challenge of this book, one of the most successful examples of its species, justifies a review of this length. The tensions and confusions of our time have produced a new school of dabblers in history and historical fiction, who have set out deliberately to tear down the landmarks on the road to Western political democracy. The French Revolution, the American Revolution and the Civil War are the chief targets of this intensely "political" history. By extending this attack to Greece and by retaining the present tense throughout, Mr. Durant makes his assault even more "radical" and universal. "Equality is unnatural", he cries out a dozen times (e.g., p. 112); "liberty and equality are not associates but enemies."

The Life of Greece is a best seller. The challenge therefore has two aspects. Is the study of history to be nothing more than a series of perversions of the past, designed to hoist public opinion onto the band wagon of the moment? Or is it a scientific discipline, the search for an understanding of the historical process, motivated by a deep-rooted interest in human welfare to be sure, but free from any restrictions imposed by momentary political pressures and whims? Secondly, what is wrong with our educational system when more people learn "history" from one book by Will Durant, aided and abetted by the press, than from a whole year's output by all the professional historians in the country?

These questions are raised from no narrow "guild" interest, nor as an attack on popular history. Quite the contrary. There exists a genuine need for popularization which will be neither vulgarization nor Philistinism. An accurate portrayal of the material and intellectual forces of Greek society in all their ramifications and interconnections can be more exciting than the cheap romanticizing of a Will Durant—and certainly more vital and socially useful.

M. I. FINKELSTEIN

COLLEGE OF THE CITY OF NEW YORK

Publicity and Diplomacy, with Special Reference to England and Germany, 1890-1914. By ORON JAMES HALE. New York and London, D. Appleton-Century Company, Inc., 1940.—ix, 481 pp. $4.00.

Here is a book which is thrice welcome: as a contribution to our knowledge of Anglo-German relations, as a thoughtful study of the relationship between publicity and policy, and as nourishment for the loyal legion, rapidly dwindling from starvation, of those who read history for pleasure as well as for instruction. Many of Professor

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Hale's arguments and conclusions seem to me unwarranted. In general, I think he shows scant sympathy for, and only a wavering understanding of, British policy, particularly in the decade before 1914. At times he "angles" his material in a way worthy of some of the newspapers he castigates, as in his summary of the English newspaper campaign for war in 1914: "Every Englishman [meaning four or five editors and a cabal of politicians] expects the government to do its duty. . . ." Dissent is inevitable, however, just because this is a vigorous, forthright book in which every word strikes a hammer blow.

Some day, when its course and its outcome can be surveyed with serenity, the long battle between Britain and Germany, stretching back before there was a Germany, and convulsing the world in our own day, will be the theme of another *Iliad*. Here are the two greatest European nations of modern times, blood relations, complementary in so many ways, conscious that enmity means the surrender of leadership to weaker and more reckless nations, seeking to be friends, but drifting always toward rivalry fatal to themselves and to Europe.

Out of that Homeric story, Dr. Hale has taken one theme, the quarrel of the publicists, and its effects on policy. He begins with a shrewd analysis of the press of the two countries, and shows that it is wrong to speak of the "free" British press and the "official" German press. In some ways, the relationship of journalist and politician was more intimate in London than in Berlin. In London, there was no press bureau to bribe or coerce the journalist. But in the years before 1914, as in Bagehot's day, the governing class of Britain was led by a small coherent group who were trained from birth to work in relative harmony, and who were acutely conscious of their responsibility to each other and to the nation. The German press faithfully reflected the deep fissures separating class, creed and party; it reflected also the lack of responsibility inevitably resulting from the quasi-absolutism established by Bismarck. In the field of publicity, as in every part of German national life, the government intervened to hold warring interests in check. Foreigners, and particularly the British, were unable to understand a press which combined irresponsible popular passions and official inspiration. In times of crisis, as during the Boer War, "sometimes in the same article the official and popular thesis found expression side by side." As Dr. Hale says, "only in a bureaucratic subject-state, in contrast to the citizen-state, could such a contradiction have long endured."

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By and large, German publicity always showed suspicion of Britain; during the Boer War suspicion deepened to "a malignant and persistent campaign of abuse and reprobation that eventually raised a Chinese wall of misunderstanding between the British and German peoples." It is Dr. Hale's thesis that the British took this campaign too seriously, that with more patience and good will the estrangement of the two nations need not have become complete. He believes that, by the understandings with France and Russia, Britain threw in her lot with "the stronger and more dangerous group", that the whole policy of the Foreign Office was "of doubtful expediency", that the decision for war in 1914 represented the defeat of "common sense". He defends his case with skill and learning, and it is hard to defend with enthusiasm a policy which resulted in, or at least could not avert, ruinous war. To me, however, it seems that the alternative to the Entente was what Sir Edward Grey publicly prophesied, and what now has come to pass, the union of the Continent under Germany against Britain.

The struggle between Britain and Germany affects us all so intimately that agreement is not to be expected. All readers of this book will agree, however, that it shows a combination of knowledge, thought and imagination possessed by few American historians.

RAYMOND J. SONTAG

PRINCETON UNIVERSITY

France under the Republic: The Development of Modern France (1870-1939). By D. W. BROGAN. New York and London, Harper & Brothers, Publishers, 1940.—x, 744 pp. $5.00.

This book, even with its imperfections, is a valuable addition to our literature on France. It is some years since the general history of the Third Republic, prior to 1914, has been recorded by a scholarly author using the English language and almost never before has the period from 1919 to 1939 been so recorded. For those able to read French the early portions of this book are unlikely to replace in general usefulness the seventh and eighth volumes of Lavisse's *Histoire de France contemporaine* or even that excellent little volume, *La Troisième République*, by Georges Bourgin. As a political history, this work, however, compares favorably with any available in English. For the post-war period there is less competition, even with French works.

In order to avoid leaving a wrong impression, it is desirable, perhaps, to begin rather than to end with a list of limitations. There

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are several instances of questionable judgment and emphasis. In view of the fact that more than 1,700 mayors, and many other officials, were removed in 1877, one suspects that the author somewhat minimizes the pressure exerted by de Broglie and his associates in an effort to win the elections of that year. In this connection it may be said that, though Professor Brogan has a leaning toward the left in foreign affairs and toward the right in internal, he is almost wholly free of other English prejudices regarding France. It is stated (p. 564) that a true system of proportional representation in the 1919 elections would have deprived the "Bloc National" of its majority—such a system would certainly have reduced the majority but would not have eliminated it. Increasing employment by decreasing hours of labor is somewhat cavalierly dismissed as altogether impracticable (p. 706).

In characterizing persons the author is Gibbonesque: he always finds more to condemn than to praise. In almost the only exception to this he is not altogether successful. The one man he more or less consistently praises is Jaurès (but just as Gibbon criticized, as well as lauded, his hero, Julian, so even Jaurès does not entirely escape condemnation); but what he tells of that man's actions seems hardly to justify his attitude.

The most serious limitation, however, is the conception of the book. Though consciously written for the general reader (p. vii), it is overwhelmingly political, in the narrow sense of the word. Opinions will naturally differ as to what the general public needs; but, for an American audience not familiar with parliamentary government, a more connected and precise account of the mechanism of the political system would probably be desirable. It is the narrow focus on ministerial activities that may prove misleading. Any one reading just the pages dealing with the post-war period would almost certainly say: this government was bound to collapse. The earlier portions, however, reveal that the government was just as inefficient before 1914 as after 1919. In respect of France, perhaps more than any other country, political history, dissociated from economic, social and cultural developments, is likely to produce misunderstandings among general readers.

The style is usually good, often even sprightly; but it is occasionally marred by clumsy passages — perhaps the result of too rapid writing.

Taken as a whole, the book provides a satisfactory account of the political evolution of the Third Republic. The author, wisely per-

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haps in a popular history, continually reminds his readers, both English and American, that certain French mistakes were paralleled or surpassed elsewhere. In condemning, for example, the "Chambre bleu horizon", he remarks (p. 564) that it compared quite favorably with the legislative bodies elected about the same time (1919) in the United States and Great Britain. Such comparisons are frequent. The chapters on the empire are helpful, and the one chapter on national economic development is useful, though it emphasizes the need for more such material.

The specialist will find little that is new, and will occasionally regret the absence of more precise information (exact figures are either omitted or relegated to brief footnotes), but he will find much brought conveniently together. The general reader will discover an informing and often interesting, though a sometimes misleading, account of French political history from 1870 to 1939.

GEORGE WOODBRIDGE

COLUMBIA UNIVERSITY

The Reconstruction of World Trade. By J. B. CONDLIFFE. New York, W. W. Norton & Company, Inc., 1940.—427 pp. $3.75.

An alternative title for this book might be "The Dilemma of Planning". The growing control by national states of their internal economic processes the author finds largely responsible for the failure to reëstablish the world trading and financial system after the first World War. Going beyond social welfare measures, government regulation of business now aims at controlling the business cycle principally through the management of bank credit. Inevitably such control cannot be successful unless the national states retain freedom of action in their dealing with other states. In other words, an autonomous *konjunktur* policy conflicts with plans for the stabilization of exchange rates and for the reduction of tariff barriers by multilateral agreement. Countries like Germany that are determined to insulate their economies from outside influence or "control" must of necessity reject equality of treatment as a principle of commercial policy, and practice bilateralism.

Power in the national state has been shifting, the author finds, from legislators to administrators. The latter, particularly in international economic affairs, are no longer concerned simply with executing the policies laid down by the representatives of the people; they themselves make policy. They tend to use the new controls of trade and finance for political ends, viz., to raise the power and

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prestige of their state. The results are destructive of world order and world peace.

Professor Condliffe has no brief for a return to nineteenth-century laissez faire. His dilemma is how to restore fruitful coöperation in the international field without sacrificing the beneficial results of social control of industry within the national state. "It is clear", writes Professor Condliffe, "that any future attempt to restore international economic coöperation must reckon with greatly extended schemes of economic 'planning' in which public control of the monetary mechanism is an essential instrument. If such planning takes the form of detailed management from the center, its integration into schemes of international coöperation will be so difficult as to be impossible in practice. If, on the other hand, it takes the form of regulation rather than operation, such integration is not inconceivable, but will demand the invention of new types of international political and economic institutions" (p. 353).

International cartels and commodity control schemes, the author finds, furnish no adequate basis for the reconstruction of world trade, but they might contribute toward that end if brought under the regulation of an international or super-national authority. Regional agreements he finds to be a logical outcome of the post-war situation. In chapter ix he reviews the history of customs unions in the nineteenth century, and the attempts at regional solution of the disintegration of the European economy after 1918. These attempts, he finds, were defeated by the Great Powers in their struggle to obtain control over the smaller nations. No imperial consolidation—Japanese, American, French or British—provides a key to the reconstruction of world trade. The drawing together of the scattered areas of the British Empire into closer economic regionalism "must be counted as an ominous symptom of increasing political conflict and disintegration of the world trading system" (p. 314).

Nevertheless, the author believes that small states after the war will have to seek shelter in some larger grouping or under the wing of a dominant Power. Consequently, the future of world trade will depend on the policies adopted by the Great Powers. A victorious Germany might organize a vast trading empire, drawing Latin American countries into its orbit by bilateral barter agreements. Only five great economic systems would then remain in the world; of these, the Italian and Japanese empires would "exist by the grace of a dominant Germany" (p. 357). Only the Soviet Union and the United States would remain outside. Even if the British Empire

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managed to preserve some independence, its lifeblood would be drained by the collapse of free international trade and finance.

Should Germany be defeated, on the other hand, we cannot assume that the millennium of world commerce would dawn. British statesmen would then have to choose between entering a European confederation or joining with the United States in an effort to reëstablish world trade on liberal lines. The policy adopted by the United States thus will be critical. Only if that country is willing to use its great power consistently and continuously for the development of world trade can the adherence of the British to liberal policies be expected. With the realism which characterizes the entire book, Professor Condliffe recognizes that the joint effort would involve sacrifices by both nations, but the costs of readjustment, he believes, would be less than those which would be suffered by the establishment of rival economic empires. Finally, the author believes that any lasting system of economic or financial coöperation must be based on collective security in which the United States must assume a large share of responsibility. "If an international system is to be restored, it must be an American-dominated system, based on a Pax Americana" (p. 394).

This is a meaty book. Professor Condliffe has made extensive and effective use of the studies on Economic Policies in Relation to World Peace, prepared by scholars from various nations for the Bergen meeting of the International Studies Conference. He has also drawn liberally upon the fund of knowledge, and wisdom, acquired as author of the annual *World Economic Survey* of the League of Nations (1931-1937).

PERCY W. BIDWELL

COUNCIL ON FOREIGN RELATIONS
NEW YORK CITY

American Neutrality: Trial and Failure. By CHARLES G. FENWICK. New York, New York University Press; London, Oxford University Press, 1940.—xii, 190 pp. $2.50.

We have moved a long way since Professor Fenwick delivered the lectures (on the Stokes Foundation, at New York University) which constitute this little book. All that has happened serves only to reinforce his position; and many persons who could not then be persuaded by such reasoning have since been persuaded by shock. That this should be so does not lessen the value of his exposition; there are still many who need to read this book.

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There were six lectures in the series and they dealt, consecutively, with the "Development of the Law of Neutrality", the "Recent Neutrality Legislation of the United States", "Neutral Rights", "The Conflict of Neutral and Belligerent Rights (Blockade and Contraband)", "Neutral Duties", and "Special Problems of the Present War". Introductory and concluding chapters have been added, and there are three appendices: The Proclamation of Neutrality of the United States, September 5, 1939; the Neutrality Act of 1939; and the Declaration of Panamá.

It was the purpose of Professor Fenwick to attack certain assumptions commonly made as to neutrality by Americans, and to show that "neutrality, instead of being the simple formula it was believed to be, was an inherently illogical and paradoxical system which had neither the facts of history to justify it nor the logic of practical politics; that it led inevitably to the situation where the neutral must surrender certain rights not worth fighting for and prepare to defend others which were too vital to surrender." Moreover, the announcement "that the United States proposed to treat alike the law-breaker and his victim was, if not an invitation to lawlessness, certainly no deterrent to those who were prepared to resort to force to attain their objectives." In the concluding chapter, he observes that neutral rights depend in fact upon the power to protect them, and that "fundamentally, the problem of neutrality is the result of an unorganized community of nations".

The book, of course, does not pretend to be a treatise upon the law of neutrality, but it does summarize the fundamentals of the law, shows how they work today, and brings us up to date with such cases as the *Altmark*, the *City of Flint*, and the *Graf Spee*. As a member of the Inter-American Neutrality Committee, he speaks with authority and original contribution upon the Declaration of Panamá and other American problems of neutrality. Other current problems, such as the navicert system, the search of mails, war zones, automatic contact mines, et cetera, are touched upon in the course of the discussion. From the viewpoint of the international lawyer, the book is of definite practical value.

Nevertheless, the purpose of the author was much broader. He is concerned with the fundamental principle underlying the whole law of neutrality, with its practical possibilities in the world of nations today, and with the moral and political implications behind its use. Upon the law of neutrality, Professor Fenwick is a recognized expert; but he soberly concludes that it is both impractical and immoral as things now stand, and that the community of nations

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should be organized so that it would be the duty of each member to take sides against the lawbreaker. The events of the past few months bear out his conclusions in most striking fashion.

The book is written in Professor Fenwick's live and vigorous style, and is enjoyable reading. It is well printed and well bound.

CLYDE EAGLETON

NEW YORK UNIVERSITY

Toward a New Order of Sea Power. By HAROLD and MARGARET SPROUT. Princeton, Princeton University Press; London, Oxford University Press, 1940.—xiii, 332 pp. $3.75.

The President of the United States, according to newspaper reports, "threw precedent to the winds" when he went to Annapolis to receive the new British Ambassador aboard the *Potomac.* One suspects that he was actuated less by diplomatic friendship and natural hospitality than by a burning desire to see the battleship which brought Lord Halifax to our shores, *H.M.S. King George V,* recently commissioned in that Royal Navy which "serves England in the noble office of a wall." Never before has that Navy or the sea power of which it is an embodiment meant as much to England or to us as it means today.

Toward a New Order of Sea Power is, therefore, a timely book. But one cannot read the record of the part played by American naval policy in the realm of world politics between 1918 and 1922, without feeling grateful to the authors, Harold and Margaret Sprout, for more than the timeliness of their book. We owe them a debt of gratitude for the painstaking scholarship they have demonstrated and for the accuracy of the details of the drama they have uncovered in the strange mutations which befell our naval policy in the crucial years before, during and after our participation in the Great War of 1914-1918.

The authors' first volume, *The Rise of American Naval Power,* performed a great service in the field of historical research by describing the fortunes of our Navy as they were affected by national policy from 1776 to 1918. Their new book, which is to be followed by yet another volume already in the process of preparation, continues the record through the growing rivalry with Great Britain and Japan, the historic Washington Disarmament Congress, and the beginning of the 5-5-3 ratio in capital ships: from *Pax Britannica* to parity.

The book begins with a chapter on the world-wide naval power of England before 1914 and on the leverage on international politics

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which her maritime strength enabled her to exert. It and subsequent chapters, sometimes in groups, are pertinent treatises complete in themselves. But the real unifying force of the book, the central theme, is the disarmament discussion at Washington leading to the nine treaties of 1922.

The style of the authors is clear and free from those turbid circumlocutions which many historians seem to find indispensable. The chapter titles are well chosen, and the headings with which the text is broken up are helpful signposts along the way. The entire format of the book is a tribute to the publishing ability and judgment of the Princeton University Press.

But, since the purpose of the Sprouts' book is to deal with policies rather than events, it must be read in conjunction with some other account in order to get a complete picture not only of diplomatic dickerings and congressional appropriations, but also of the morale of the men who man our ships, of the war games devised by Admiral Hilary P. Jones and others for peace-time training, of the introduction of electric propulsion and advanced systems of fire control, of enormous improvement in the average intelligence and character of the bluejacket, and of other matters which, during the period 1918-1922, contributed toward what was a truly new order in affairs afloat.

Therefore, *Toward a New Order in Sea Power* is not a book to inspire the average lay reader with accounts of the glory and might of our first line of defense. It is rather written for the painstaking student of history, who is interested in appraising the forces which have actually affected the destiny of our sea power. It is difficult not to regret that there is too little about men and ships and events, and too much of the dustiness of documents in the record compiled by the authors.

Today disarmament seems to have been a will-o'-the-wisp, indeed. Today we seem more determinedly than in 1918 to be building "a navy second to none" in the interest of national defense. Although the Sprouts apparently think very little of the abilities of Josephus Daniels as Secretary of the Navy, they nevertheless quote him freely. And when the issue between disarmament and defense again arises, as it is sure to do, perhaps we will be wise to ponder his testimony. He declared (p. 71) that either we must have "a league of nations by which every nation will help preserve the peace of the world without competitive navy building, or we must have incomparably the biggest navy in the world. There is no middle ground."

ALLEN B. COOK

UNITED STATES NAVAL ACADEMY

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Where Do We Go from Here? By HAROLD J. LASKI. New York, The Viking Press, 1940.—192 pp. $1.75.

This most recent work of Professor Laski is essentially an application to the current situation of that Marxist analysis which has been the basis of all his recent work. Though he avoids the facile dogmatism so characteristic of popular Marxist writing, though he is aware of the complexity of human motives and of events, and though he recognizes the need for hard-headedness if enlightment is to result, his analysis still leaves one with a sense of being unduly unilateral; while his solutions, though profound in their ethical appeal, seem unlikely of realization just because certain factors are omitted and others interpreted with fatal bias.

The work is divided into three parts. The first is concerned with the cause of the plight of England and the continent. Its essential theme is that, since the French Revolution at least, we all have been living under capitalistic institutions which have now reached the end of their rope. During a considerable part of that period the beneficiaries of those institutions saw no incompatibility between their privilege and the functioning of democracy. In the post-Versailles years, they were increasingly aware of such conflict, and gradually came to a realization that they had extraordinary power. They were driven to use that power and privilege against democracy. In various continental countries they therefore supported fascism, confident in their power to control it, while becoming in fact its victims. In England they were afraid of bolshevism; and from that came the whole policy of appeasement, until at long last they found an insoluble clash of interests, and that sovereignty, which was the mark and instrument of that privilege, was in danger. Then, indeed, were they prepared to fight; but the urgent desire for peace which was so general a feature of post-war democracy and the subtle undermining of morale through the unprogressive functioning of privilege led to the brink of disaster. Only then was it realized that it was necessary to create a dynamic general will, through measures of progressive social democracy, if civilization were not to be overwhelmed, and victory were to be won.

For, Professor Laski argues in the next section, the essence of nazism and fascism is brutal and unlimited power in the hands of gangsters, who have capitalized on discontents in coming to power, and, unable to solve them, consequently must maintain that power by constant expansion, till no society relying on reason in human affairs stands as a potential threat to their criminal activity. Their

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victims at home, he suggests, though they do not like the régime, have no meaningful alternative left, are forced to support it, and must hope for the success of these super-gangsters. The latter lack all philosophy and, concerned solely with their own gains, are in no sense instruments of social revolution. Hence, the more they conquer, the more civilization totters.

England, though now standing alone, has, then, an enormous task, and Professor Laski devotes his third chapter to the analysis thereof. It may be said at the outset that, while he believes that he has stated the only possible conditions for a lasting solution of the problem of Europe now posed, he is very far from assured that his path will be followed. England must at once fight the fascist enemy and go through a social revolution by peaceful means. The former is necessary for mere survival. The latter is an inescapable condition of morale during the fight. It is also, however, necessary as example, first to persuade those conquered by the Nazis that they are offered a worth-while way of life after the war, and secondly to convince the subjects of fascist countries that there is a rational and reasonable social order in the making in which sovereignty will be abolished, European union of some basis created, and a chance given to the victims of tyranny fully to participate in the work of democratic reconstruction. To do this effectively, England has not only to tackle internal problems, but also to solve the problem of imperialism, especially in India, by refusing to rule peoples against their will. She has to convince Soviet Russia (which Laski acknowledges has behaved in some ways badly) that she is genuinely interested in creating a socialist Europe and a lasting peace. Only with all these things accomplished is there reasonable hope of avoiding a very unpleasant choice, namely, a repetition, in an exacerbated way, of the post-Versailles years or chaos—and the former would ultimately lead to the latter.

Three main criticisms can be made of this analysis. First, by its denial of philosophy to fascism it over-simplifies the task of incitement to revolution. Secondly, the conviction that Russia has simply made mistakes, but is eager to welcome a genuinely united and socialized Europe, suggests at the very least biased interpretation of Russia's course in these later years. It seems not improbable that Russia would prefer chaos; and in any case the legitimate fear that this is so may well prevent a statesmanlike and lasting solution of the present conflict, with the provision of a sound social-economic basis for a genuine Paneuropa. Thirdly, the impact of the United States is

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totally ignored. Yet, short of entry into the war, America may well limit the ambit of social experiment in England through pressure accompanying aid; while, given our entry, it seems probable that the end will be complete German defeat without revolution, and, quite probably, a reconstitution of Europe which will repeat past errors in a new guise.

THOMAS I. COOK

UNIVERSITY OF WASHINGTON

Shanghai and Tientsin: With Special Reference to Foreign Interests. By F. C. JONES. With an Introduction by Harold M. Vinacke. New York, San Francisco, Honolulu, American Council, Institute of Pacific Relations, 1940.—xxxii, 182 pp. $2.00.

Dr. Jones has an unusual capacity for lucid exposition. This is one of the briefest and yet clearest summaries of the complex situations that have grown up at Shanghai and Tientsin. It has the additional merit of being almost up to the minute, containing figures through 1938 which record the first impact of the present war.

In the two thirds of the book devoted to Shanghai, Dr. Jones summarizes in turn the historical origin and the administrative organization of the International Settlement, the French Concession and the Chinese Municipality. He then analyzes the relations between the municipal council (of the Settlement) and the Chinese city government, and between the Japanese and the rest of the community since 1932. Concluding chapters on the economic position of Shanghai in China and the effect of hostilities since 1937 are vividly illustrated with thirty-four statistical tables and four maps. Much the same procedure is followed in the third of the volume devoted to Tientsin, where the administrative structure, the economic situation in 1937, and the effect of hostilities since then, illustrated with thirty tables, are all neatly summarized. This is especially welcome because Tientsin has been studied less than Shanghai.

The author's selection of data on Shanghai makes a curiously interesting picture. The International Settlement in 1935 had a population of over 1,100,000 Chinese and 28,000 foreigners under a government elected chiefly by 3,800 property-holding foreign voters, nearly all of them among the fourteen nationalities still possessing extraterritorial rights. Thus the heart of China's modern industrial economy was still under the effective control of a few thousand foreigners not directly amenable to Chinese law. It is in keeping with

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the Settlement's origin that the Municipal General Rate has been remarkably low, perhaps one quarter what it would be in an English city of comparable size (p. 16); and that the application of Chinese factory inspection laws should have been impeded by the undesirability of abrogating extraterritorial administrative rights (p. 29). That British leadership did not decline in the early 1930's is shown by the totals of voters in 1930 (viz., 971 British, 654 Japanese, and 308 American) and in 1935 (viz., 1,284 British, 893 Japanese, and 400 American). It is also worth noting that the British community paid in 1936 about one quarter of the general municipal rate, and the Japanese about one seventeenth, while the Chinese paid about two thirds of the total taxation (p. 37).

The hostilities since 1937 have resulted in Japanese military occupation of more than half the Settlement area (i. e., Hongkew and Yangtzepoo), containing more than half the large-scale industry and nine tenths of the developed water frontage. Normal activity is still impeded in these areas. The significance of this is more apparent when it is noted that in 1937 Shanghai had 65 cotton mills out of a total of 141 for all China, handled 51 per cent of the direct foreign trade of China, and accounted for 41 per cent (formerly it had been half) of the total customs revenue. The losses of war have fallen chiefly upon Chinese-owned concerns. It is ironical that the war came just as Japan for the first time was becoming the chief importer into China, ahead of Britain and Germany and equaling the United States (p. 91). When the trade of Shanghai was cut in two by the Sino-Japanese hostilities, Japanese trade suffered most at first, although it has since taken the lead. On the other hand, British domination of the carrying trade in Chinese waters, at least to the end of 1938, has remained undisturbed.

As for Tientsin, its economic hinterland had been considerably circumscribed before 1937 by the orientation of Outer Mongolia and Sinkiang toward Russia and the development of Jehol and Manchuria under Japan; nevertheless this check to the export of furs and skins had been made up for by increased exports of wool and, more recently, raw cotton. Now, after the Japanese occupation, a lowering of the Chinese customs tariff by the Peking "Provisional" government and the creation of currency controls, monopolies and development companies have served to divert most of the trade of the port into Japanese channels. The book concludes with a résumé of the Anglo-Japanese diplomatic conflict at Tientsin up to August 1939.

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In scope and style this volume is an admirable combination of survey and reference work, of value both to the specialist and to the layman.

J. K. FAIRBANK

HARVARD UNIVERSITY

Inner Asian Frontiers of China. By OWEN LATTIMORE. New York, American Geographical Society, 1940.—xxiii, 585 pp. $4.00.

Mr. Lattimore has made a pioneer effort in a very difficult field, and his book has all of the virtues and many of the vices that such efforts entail. The reviewer must at the outset confess that he has had some difficulty in apprehending Mr. Lattimore's main thesis, for nowhere in the book, not even in the introduction, does the author favor his readers with a concise exposé of his purpose. The organization of the main body of the book is loose, chaotic and frequently illogical; and it is discursive, repetitious, and overloaded with extraneous material and irrelevant theorizing.

The heart of the book, if I understand Mr. Lattimore correctly, deals with the historical development of the northern and western land frontiers of China as roughly delimited by the line of the Great Wall, and the historical development of the societies on either side of this frontier and of their interrelations. While in neolithic times an identical hoe culture seems to have existed both on the Mongolian steppe and in the hills and on the plains of North China, between "perhaps 3000 B. C. to about 500 B. C. [there] was a broad but slowly accelerating process of differentiation" (p. 55), due to a considerable extent to environmental differences. Development on the steppe was into pastoral nomadism, development within the frontier, to an intensive irrigational agriculture carried on by a concentrated settled population. The frontier itself is a region, rather than a boundary, suited only to a modified form of the economies, the societies and the political forms typical to the inner and outer frontier regions. It tended to gravitate toward the political orbit of whichever region was in the ascendancy. From the Chinese point of view, the explanation of the varying degree of China's political control over the frontier and extra-frontier regions is to be sought in the cyclical character of Chinese history, in which a series of economic, social and political crises figure in a recurrent pattern. On the ascendant phase of the cycle, then, Chinese political control on and beyond the frontier is at its maximum; that this control must wane

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with the inevitably ensuing crises is an imperative of Chinese history, and the process is hastened by the irreconcilability of steppe and sown. Mr. Lattimore also discerns a cyclic character in the history of the peoples of the steppe, represented by the rise and fall of considerable empires beyond the frontier. If empire on the steppe should coincide with crisis within the frontier, then nomad power might move inward to establish its control over all or a part of China. However, the fundamental incompatibility of steppe and sown has prohibited the long duration of any state comprehending considerable portions of both within its frontiers. Furthermore, the equivocal character of the frontier environment permitted a third variation, namely, the growth of frontier states that might take advantage of crises on either or both sides of the frontier to expand in either or both directions. This "Style of Frontier history", as the author puts it, was most typical of the frontier between China and the Mongolian steppe. In the three other extra-frontier regions—Manchuria, Chinese Turkestan and Tibet—different geographical environments rang changes in this style. Mr. Lattimore holds that the "Frontier Style" in Chinese history had become well established by the end of the Later Han dynasty, in 220 A. D., and that it has remained substantially unaltered until very modern times.

It should be noted that there is much more to the book than the brief summary given above, but considerations of space forbid greater detail. The importance of Mr. Lattimore's hypotheses is obvious. Hereafter, any work on the broader aspects of Far Eastern politics must take them into account. But this is not to say that Mr. Lattimore always has a satisfactory demonstration for the points that he attempts to make. He has set up a really brilliant theoretical structure, but there are too many places where he has not buttressed it with careful research. Indeed, his bibliography betrays an ignorance of much of the principal material in the field. The entire book shows signs of having been put together in haste. Passages of real merit alternate with sheer nonsense. It is a great pity that the author could not have taken more pains to put his ideas in a lucid, substantial form. Considering Mr. Lattimore's position as an acknowledged expert on Inner Asia, the book is something of a disappointment.

F. D. SCHULTHEIS

UNIVERSITY OF WASHINGTON

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Japan's Case Examined. By WESTEL W. WILLOUGHBY. Baltimore, The Johns Hopkins Press, 1940.—x, 237 pp. $2.50.

The purpose of this volume is to present in a comprehensive, yet brief, manner the aims which Japan is pursuing in the Far East, as shown by her own official declarations, and to examine as to their validity the arguments she has advanced in attempting to realize these aims. This purpose the author has sought to pursue in an objective and scientific manner, even though, as he is careful to make clear in his Preface, he has been employed by the Chinese government as an adviser or technical expert. Professor Willoughby's long and scholarly career in the field of political science affords convincing evidence to American political scientists of his professional competence and good faith. These excellent qualities are displayed to good advantage in the present volume. It deals with a highly controversial subject, but contains nothing incompatible with the author's well-earned reputation.

Willoughby's examination of the official Japanese case confirms the conviction which almost all Americans share that Japan has inflicted enormous injury upon China without just cause. The plea of self-defense quickly breaks down under objective and scientific examination. The claim of vital interests manifestly does not justify the action which Japan has taken against China. The argument based on the alleged menace of Communism collapses in the light of the facts concerning the contemporary Chinese Communist movement. Indeed Japan's actions are so plainly wrong under the law of nations and so flagrantly in contravention of the treaties to which she is a party that it is difficult to take the arguments advanced by the Japanese Foreign Office seriously.

The glaring contrast between the weakness of official Japanese logic and the brutal strength of Japanese leadership in other respects has raised a question in some Western minds whether Japanese reasoning should be tested by the same criteria as are applied to Occidental thinking. Some writers have suggested that the Japanese do not reason according to the rules which find a place in Western logic. Miss Barbara Wertheim, for example, has written in *Foreign Affairs* that "so completely divorced is the Japanese mental process from the Occidental, so devoid of what Westerners call logic, that the Japanese are able to present false pictures, yet sincerely believing them." Professor Willoughby, however, holds that the rules of logic are universal, and rejects the premise that the logical processes of the

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Japanese are fundamentally different from those which operate in the West. The Japanese, he believes, are no more successful in deceiving themselves than in deceiving others by the extraordinary *non sequiturs* of their official apologists. Japan's case, upon examination by Japanese as well as by the scholars and peoples of the West, must appear to be what it is, logically frail and worthless.

What, then, is the explanation of the persistent adherence by the Japanese Foreign Office to a treatment of the Japanese case which will not bear objective and scientific examination? Can it be the Oriental addiction to face-saving, the resolute devotion to propriety under all circumstances no matter how adverse? To admit publicly that wrong has been done doubtless seems intolerable to the sophisticated Japanese. To say nothing is impossible. The only eligible alternative is to affirm the rectitude of purpose of an imperial government which cannot at the moment be repudiated or circumvented.

The official Japanese case is simply irrelevant to the existing situation. The Japanese attempt to establish a "new order" in the Far East is pure power-politics. Its eventual success, if realized, will be its own justification. Logic may ultimately rationalize the event by an appropriate political theory. Meanwhile, the real arguments operate upon a different plane from that dedicated to rational objectivity and science.

A. N. HOLCOMBE

HARVARD UNIVERSITY

Freedom of Thought in the Old South. By CLEMENT EATON. Durham, Duke University Press, 1940.—xix, 343 pp. $3.00.

It was a rich man's war, they said, and a poor man's fight. Dr. Clement Eaton is not so sure about that in this study of intolerance in the Old South which was at least one aspect of the prelude to violent civil war at the end of that Old South. The conclusions to which his elaborate researches have taken him not only disclose the tragic denial of freedom of thought in that slave South, but also convince him that there was a disturbing coincidence between the rise of the common man—the upsurge of democracy in the South—and the whole system of repression, intolerance and illiteracy which made those dark years the forerunners of an even darker future.

At a time when men are speaking of democracy and freedom as somehow one and the same, Dr. Eaton's book is not merely historically informative and stimulating but disturbing also. The old

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Southern aristocrat has not only made a picture in our heads of a gentleman and a civilization gone with other noble things. On the uglier, other hand, he remains still the conventional figure of the exploiter, the rich man for whose black wealth the poor man had to fight, the arrogant and contemptuous lord not only of the Negroes but of poorer white men as well. He is not only continually decked for an endless funeral of nobility, he is the continual bearer of blame, too. Neither legend, of course, could be quite so simply true.

The coming of the cotton gin, which as the perpetuator of slavery created the defensive intolerance around it, was not less significant, Dr. Eaton suggests, than the breakdown of the old philosophical aristocracy to which Jefferson and so many other Southerners belonged. Their culture was not sufficient to leaven a vast and increasing cotton kingdom in which were not only new-rich cotton capitalists but also many more little men, tough, ignorant, uneducated, isolated. They shared the rich man's fear of Negro uprising; they added to it the poor man's hate of the Negro himself. They were easily led by the preacher, politician, sometimes by planter. In Dr. Eaton's book they support his statement that "the masses can seldom endure any divergence from the majority opinion on matters of deeply emotional content." From the beginning of abolition-argument intolerance, it was the mob and not the master which denied freedom of thought and expression in the Old South. Undoubtedly, however, as time passed, most of those who regarded themselves as gentlemen were in the mob. The ignorant mob existed, in part at least, because of the failure of leadership to give them the best statesmanship or even passable schools.

Dr. Eaton's book does not overemphasize this controversial point. He does not beat a drum for any one thesis but he has undertaken to write with a wise and informed objectiveness the story of the truly tragic era in the South in that increasingly angry time from the idea-eagerness of Jefferson to the bitterly closed mind and region of Calhoun. Perhaps the period of determined, if not deliberate, intellectual darkness is not so much bordered by the intellectual attitudes of such great men as by the acts of dramatic men from the slave uprising of Nat Turner in 1831 to the strange, brave, fanatic raid of John Brown at Harper's Ferry in October 1859. Certainly, however, when even Jefferson in his old age asked that his praise of free thinking be not made public, the denial of free thought had begun. It did not end when Calhoun died in 1850, nor with the war which came ten years later.

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Undoubtedly, as Dr. Eaton himself says, the story of freedom of thought in the South cannot be divorced from the larger story in the country and the world. It was a mob of Bostonians which manhandled William Lloyd Garrison. Also, this particular period in the South did not invent intolerance. Seventy years before Jefferson was born, when the system of slavery was still being shaped, Governor Berkeley thanked God that there were no free schools or printing presses in Virginia, and hoped there would be none. Intolerance in the South and elsewhere did not end with the period Dr. Eaton describes. Indeed, the most tragic part of his book lies in the consequences in the South he did not even need to describe. The truth is that excellent as this book is as history, it is more valuable as a description of the details of a universal and recurring disease of the human mind. It is not necessary to agree with all his judgments to be grateful for the array of facts, of incidents, of personalities which make a period of repression clear to all who wish to see it in the past or understand it in this still susceptible present in which we live.

JONATHAN DANIELS

RALEIGH, N. C.

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BOOK NOTES

Since Professor Seligman's classic volume on *The Income Tax* appeared in 1911 and 1914, a definite need for a comprehensive history of the federal income tax in the United States from 1913 to the present has existed. That need is now met by the exhaustive and scholarly study by Professor Roy G. Blakey and his wife, Gladys C. Blakey, *The Federal Income Tax* (London, New York, Toronto, Longmans, Green and Co., 1940; xvii, 640 pp. $7.50). The first two chapters present in a lively and interesting manner the high lights and background of the Civil War and 1894 Income Tax Acts, the 1895 Income Tax Decisions, the movement for an income tax amendment from 1895 on, the corporation excise tax of 1899, and the final ratification of the Sixteenth Amendment in 1913. The bulk of the book (about two thirds) is then devoted to the most careful and detailed account and analysis of the provisions, legislative history, judicial interpretation, and administration of each income tax act from 1913 to 1939 inclusive. The last four chapters are masterly studies of the way that the definition of taxable income has evolved, of the variations in income tax rates from 1861 on and reasons therefor, of the complex administrative mechanism which has developed for enforcing and interpreting the income tax acts, and finally of the economic justification and social significance of the income tax. An appendix of useful historical and statistical tables, an extended bibliography, and a good index complete the volume. The authors have based their book on the most thorough examination of primary sources and have drawn on the personal experiences of many important figures in the income tax movement, notably Secretary of State Cordell Hull, and Judge William R. Green, as well as on their own first-hand knowledge of the Treasury Department. Within the boundaries set by the authors for their book, little, if any, criticism can be offered in regard to accuracy of presentation or impartiality of judgment. It is regrettable, however, that they did not give even a slight sketch of the state income taxes in existence before the Civil War, the Confederate income taxes (even though the South was outside the Union), or the parallel European movements, outside the references to English legislation and practice. The authors also seem to have leaned backward in avoiding or minimizing discussion of the economic effects of the various tax measures because of their belief

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that brief, inadequate discussions are not helpful and that adequate data to substantiate general conclusions are not yet available (p. 505). They evidently intend, however, to present further studies on this subject which will be as definitive in character as this volume is on its theme. Hence, all students of American history and economics will be grateful for the great light thrown on many hitherto obscure phases of a subject which has become increasingly important with the increasing gravity of international affairs and prolonged domestic economic difficulties. The controversial questions which the authors do not touch here, one hopes, they will take up soon; the need is urgent, and John Maynard Keynes's recent *How to Pay for the War* shows how valuable expert counsel in an emergency may be.—SIDNEY RATNER, Cooper Union Institute of Technology.

The little book, *Life, Liberty, and the Pursuit of Bread*, by Carlisle and Carol Shafer (New York, Columbia University Press, 1940; 207 pp. $2.25), contains a series of epistolary essays on the quest for economic independence. Its pattern is unusual. Carol Shafer is an American social worker. Carlisle Shafer, her husband, is an American college professor who evidently professes economics. In her line of duty, as a social case-worker, his wife is daily confronted with one aspect or another of the economic problem of dependency: unemployment, low wages, destitution in old age, broken families, ill health. She takes her experiences to the professor. Largely, they are findings about particular individuals: stark, sympathetic stories of misfortune, for the most part; case records of one sort of frustration or another in the pursuit of bread. Nor is she merely telling her husband stories. She wants to know the answers. There's Joe Smith, molder: "Every damn day . . . ten months come Monday . . . I been poundin' the streets lookin' for work." Well, she wants to know, "What can be done about Joe and others like him?" Other letters are the vehicles for thoughtful recitals of case situations illustrative of the ways in which the struggle for independence is made heartbreakingly difficult, if it is not lost, because of low incomes, sickness, indigent old age, or the loss of the family breadwinner. The recitals are followed up by the insistent queries: "What can be done about this situation? How can these people be helped, or how can they be shown how to help themselves?" Thoughtful and skilfully couched questions deserve answers in kind. And here the scholar gives the case-worker (who is something of a scholar herself) some highly intelligent answers. Taken together, the five answering letters, in this reviewer's opinion, provide as competent a diagnosis

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and analysis of the problem of dependency, and as wise a series of prescriptive suggestions as to "what can be done about Joe", as one may find in a day's journey through the book stacks. In the sixth, and last, pair of letters—they deal with "Social Work"—the tables are turned upon the case-worker. The professor asks her to give him the "low-down" on the case-work business, to "do a little social work" on him. She does so in the longest epistle—and one of the best—in the book. For good measure a pair of bibliographic letters supplies the social worker with selected readings on the economics of unemployment and other aspects of dependency and furnishes the scholar with similar book lists on social work. The book should be an excellent pocket companion for social workers who sense a need for a wider knowledge of the economic problems underlying the case situations they confront from day to day. And there doubtless are scholars—and perhaps laymen—who might profit by the thoughtful and discerning discussion on social work with which the volume ends. —PAUL F. BRISSENDEN, Columbia University.

The unwise economic and financial policies pursued since the War of 1914-1918 and especially since the depression of 1929 by every country, irrespective of its political ideology and form of government, will undoubtedly be recognized by the future historian as one of the important elements in unleashing the storm now raging over Europe. Mr. E. B. McGuire's excellent and compact volume, *The British Tariff System* (London, Methuen and Co., Ltd., 1939; vii, 312 pp. 10*s.*, 6*d.*), deals with one of the most dramatic and significant events of the unhappy and tormented post-war era: the abandonment of free trade by Great Britain in 1931-1932, the conversion of the former stronghold of economic liberalism to a policy of protection, and the consequences of this novel orientation. Mr. McGuire has no political or theoretical axe to grind and although he does not conceal his predilection for free trade his volume is written with truly admirable objectivity. *The British Tariff System* is primarily a dispassionate factual account of the commercial and tariff policies of Great Britain on the eve of the war of 1939. As a trained economist, the author fully realizes the close interdependence between the conduct of international trade and the other aspects of a nation's economic life. He develops his main theme against the background of a succinct and illuminating discussion of the other principal political and economic factors involved and devotes brief but informative chapters to the political and economic background—money, taxation and finance. His volume, moreover, contains a great deal of valuable

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and not easily accessible material on the more technical aspects of British tariff policies, such as specific and ad valorem duties, customs administration, the excise, warehousing, and drawback. The three closing chapters, which deal respectively with the growth of the British tariff, imperial preferences and tariff bargaining, are undoubtedly the best account available between two covers. The easy and even flow of Mr. McGuire's narrative adds to the distinction of his excellent performance and brings out with remarkable clarity and deadly logic the irresistible tendency of protective policies to expand in every direction like a cancerous growth. *The British Tariff System*, which must be considered a major contribution to current economic literature, cannot be commended too warmly to all those who want to obtain a clear view of how protection came to England and what it really means. — MICHAEL T. FLORINSKY, Columbia University.

As one of the first volumes of a new series on *American Government in Action*, under the general editorship of Phillips Bradley, *Presidential Leadership* (New York, Farrar and Rinehart, Inc., 1940; xiv, 173 pp. $1.00), by Pendleton Herring, raises a standard to which later contributions must aspire. In small compass, Mr. Herring offers a reëxamination of the office of president in its political relationship to the legislative branch. As the author himself remarks, *Presidential Leadership* presents an analysis rather than a program. However, for the reader who will look beyond the factual material, and he is afforded many opportunities to do so, there is assurance in this book that we have not yet witnessed the full utilization of the powers of presidential direction inherent in the position of the executive. In all this, Mr. Herring sees no fear of dictatorship, no danger in a third term, nor does he feel that there can be under our system the uncontrolled leadership to which Europe has become subservient. From a full and careful appraisal of the president's dependency upon Congress, and his means of control over that body, the book proceeds to an assessment of various proposals for change, such as the institution of some modification of the British plan of ministerial government. Among the devices for increasing the effectiveness of presidential leadership upon which the author is inclined to look with some favor are the establishment of a national legislative council, providing it will truly coöperate with the executive; the development of "an informal ministry composed of party leaders in Congress and the administration" (p. 91), working on the same basis; and further use of such machinery as was employed in

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1937 in studying the problems of social security legislation — the Advisory Council on Social Security. After a scrutiny of the agents through whom the president acts, the author concludes by stating the strengths of and the limitations on presidential leadership which have in themselves the possible instruments for the success or failure of "our whole system of rule by law and government by discussion" (p. x). Throughout the book, the reader is struck by the use of clear, direct phrasing rising at times to aphorisms. Though the volume is undistinguished externally, inside it is rich in content and provocative of further thought on this most timely of subjects.— HILTON P. GOSS, State College of Washington.

An exasperated student asked me the other day: "Why don't you talk about politics as it is, rather than politics as it should be?" Professor J. T. Salter has buttonholed us again, in his latest book entitled *The Pattern of Politics* (New York, The Macmillan Company, 1940; xiv, 246 pp. $2.25), and has poured out his rich collection of anecdotes which all go to describe politics as it is. This is something to read on a Sunday evening, with your pipe and your easy chair. It holds your attention, but it seems to have been written to provide a vehicle for the grand stories, which stick in your mind long after their point is lost. Thirty-five years ago, practical political scientists chortled with glee at the appearance of *Plunkitt of Tammany Hall* because it provided a gloriously frank portrayal of the attitudes and techniques of a political boss. Professor Salter's effort is an invaluable addition to literature of this type. We need more volumes written about this neglected side of politics, and written by authors like Professor Salter who have the rare qualities of a Lincoln Steffens—a liking for all types of people, and an ability to make every politico pour out his confessions without restraint. Included in this volume are a number of new illustrations of old ideas—localities get the kind of government they deserve; the average of public morality is improving; good politicians are magnified images of the people; it takes personal attention to flatter a voter's sense of ego; a good leader has personality, a sense of timing, ability to express the inarticulate aspirations of the people, etc. There is an admirable chapter on the qualities of leadership which make the author appraise Franklin D. Roosevelt as "the greatest leader of our day." However, the chapter suffers, as does the entire book, from a failure to come to grips with the basic elements of political dynamics. There is no appreciation of the powerful economic appeal of the New Deal policies without which the Rooseveltian fireside chats would be fruit-

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less. Professor Salter has given us a good country-doctor diagnosis of the body politic. But the title is far too presumptuous. It would be more accurate to call it "The Patter of Peanut Politics".—KENNETH WILLIAM HECHLER, Columbia College.

Under the title *The Middle Classes in American Politics* (Cambridge, Harvard University Press, 1940; vii, 304 pp. $2.50), Arthur N. Holcombe has brought together a series of essays and articles which have appeared elsewhere. The fundamental thesis running through the volume is that although superficially the middle classes no longer appear to be as powerful as once they were, such is far from the case. Recent decades have merely witnessed a shift in the center of gravity from the agrarian to the urban wing of these same classes, which continue to dominate America today as they have done in the past. Such being the case, it seems self-evident to the author that the possibilities of a Marxian revolution are negligible, and by virtue of this fact a fascist coup d'état inconceivable. For, as Professor Holcombe analyzes the situation, the possibility of fascism arises only when the middle classes are so unsure of themselves as to feel forced to choose between competing forms of dictatorship. Although Professor Holcombe's volume may act as a sedative upon those who are suffering from a communist or fascist neurosis, it can hardly be looked upon as more than a preliminary investigation into the phenomenon of classes in American politics. — SCHUYLER C. WALLACE.

The new, completely revised edition of Joseph Barthélemy's *Le Gouvernement de la France* (Paris, Payot, 1939; 255 pp. 30 fr.) contains a colorful picture of French constitutional life seen from the point of view of a lifelong adherent of traditional liberal parliamentarism. In twelve chapters written with the well-known literary charm of the author, the main political institutions and agencies of France are described. Barthélemy has not troubled himself with the profundities of political theory. What is more regrettable, however, is his failure, when writing a treatise on government, to consider governmental institutions in the light of social developments. For example, will the enlargement of the reader's knowledge in regard to the parliamentary technique in dealing with budget questions be of any use if he is ignorant of the preponderant rôle of the regents of the Banque de France prior to 1936 in all financial matters? In regard to the problems of democracy and foreign policy, the author takes no opportunity of going into the vital questions of the influence of group interests and takes the national unity for granted. The

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manifold problems brought to the fore by the decree legislation are almost completely neglected; his appraisal, for instance, of the rôle of the *Conseil d'état* as bulwark of individual liberty against administrative chicanery does not take into consideration the rather submissive attitude of this agency toward the decree legislation; on the other hand, he unjustifiably interprets the decision in the case "La Fleurette" as "admission of the responsibility of the government for the exercise of legislative power" (p. 212). The book should therefore be read with some caution since it does not give an adequate picture of the impact which the more recent developments have had on French political life. — OTTO KIRCHHEIMER, Institute of Social Research, New York City.

The seventh volume to appear and the eleventh in the series which will constitute the *Oxford History of England* is *The Whig Supremacy, 1714-1760* (Oxford, at the Clarendon Press; New York, Oxford University Press, 1939; xx, 464 pp. $5.00) by Basil Williams. His previous publications, including biographies of Stanhope and Pitt and a series of articles in the *English Historical Review* on the foreign policy of Walpole, indicated Professor Williams as an appropriate author for this volume. Unfortunately he seems to have depended too much on work he had previously done and to have made little effort at a new synthesis or even to incorporate in his narrative the results of monographic studies published since the appearance of Leadam's volume in the *Political History of England*. If there was perceptible movement or even change in the period treated, Professor Williams does little to make it clear. Approximately the first third of the book is allotted to descriptive chapters on such subjects as the English System of Government under George I and George II, English Local Government and the Law, Religion and the Churches, Social and Economic Life of the English People. At this point two chapters are inserted narrating the political history from 1714 to 1742. This narration is interrupted for a chapter on the Army and Navy, 1714-1760; resumed to continue the story to 1747; interrupted again for two chapters on Scotland and Ireland, the Colonies and India; and completed in two further chapters. Three final chapters are devoted to Science and Historical Research, the Arts, and Literature. The contents of all of the chapters are conventional; readers familiar with the sources and with recent monographs will disagree with many statements. It is unfortunate that a period so much in need of reinterpretation should be the subject of the least satisfactory volume that has thus far appeared in this useful series. — W. T. LAPRADE, Duke University.

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The notion of employing your superior financial strength as a means of subsidizing weaker but more highly militarized states to fight your wars for you did not originate in England, but no power used this subsidy system more extensively or to better advantage than eighteenth-century Britain. Mr. Carl William Eldon's capital study, *England's Subsidy Policy Towards the Continent During the Seven Years' War* (Philadelphia, Drexel Institute of Technology, 1938; vi, 178 pp. $2.00), is devoted less to the economics of granting subsidies than to the use which British statesmen made of them as an instrument of diplomacy and warfare. The author has singled out for intensive study the period immediately preceding the Seven Years' War when the traditional system of British alliances was in process of disintegration and the Seven Years' War itself during which British subsidies to continental states materially contributed to an ultimate British victory. The book is so thoroughly and adequately documented, so carefully and thoughtfully written, that it takes its place with D. B. Horn's *Hanbury Williams and British Diplomacy* as the most scholarly study of British foreign policy in the middle of the eighteenth century. Sober judgment prevents the author from claiming more for the subsidy system than his sources justify. It would be absurd to contend that but for British subsidies Frederick the Great could not have survived the terrible rigors of the war, but it is assuredly true that had Great Britain withdrawn financial support from Ferdinand of Brunswick, Prussia would have been annihilated and France could have concentrated all her resources on the war against Britain.—WALTER L. DORN, The Ohio State University.

Our Rising Empire, 1763-1803, by Arthur Burr Darling (New Haven, Yale University Press; London, Oxford University Press, 1940; 595 pp. $5.00), is one of those books about which very little can be said that is ill, and not very much that is good. It is like the book about which one student wrote, "It is a very nice book, but its covers are too far apart." To begin with, its title is a misnomer. It does not begin at the year 1763, as the title indicates, but rather about 1778. Nor is it about our rising empire. It is about American diplomacy from 1778 to 1803. It is true, of course, that most of the history of American diplomacy between these dates is concerned with the west and its international problems; but that history, which is the matter of this book, is the history of diplomacy, and not of empire. As a history of diplomacy, it is a very useful book of reference. It is written in acceptable, if plodding, prose, accurately and in extreme detail. In the treatment of certain incidents, indeed—

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such, for example, as the negotiations of the Adams administration with England and France, including the X.Y.Z. affair—the story is told in more convincing detail and with greater clarity than in any other account known to the present reviewer. Its greatest usefulness, however, arises from the fact that it brings together in one place the story of American diplomacy from the end of the Revolution to the Louisiana purchase. It is not necessary here to review the pattern of the book, since it follows faithfully the well-known pattern of the events themselves. There is at least one paragraph, however, which seems to merit somewhat closer attention than most of the others, since the author here has not exercised the full measure of historical criticism upon his sources. It occurs on page 525, where, speaking of the line of 49° north latitude, which eventually became the boundary between Canada and the United States west of the Lake of the Woods, he says that "by January 15, 1804, Jefferson's conception of American territory had swept forward easily to the forty-ninth degree of latitude, the line of agreement between France and Britain concerning trade at the time of the Treaty of Utrecht of 1713." The fact is that there was no such agreement "at the time of the Treaty of Utrecht." There was an agreement to appoint a joint commission to agree upon the boundary, but although a joint commission was appointed, and met, and the British commissioners were instructed to ask for the line of 49°, no agreement was ever reached on the subject. The author has apparently accepted Jefferson's statement, which was doubtless based upon an erroneous map showing and describing such a line, published in London in 1754. The book contains a useful bibliography, and the footnotes provide a running index to many printed and certain manuscript sources. One wonders, however, why almost no British, French or Spanish sources are cited. — Max Savelle, Stanford University.

One of the most interesting books of the past year for the student of American social and intellectual history should be *Robert Dale Owen: A Biography* (Cambridge, Harvard University Press; London, Oxford University Press, 1940; xii, 470 pp. $4.50) by Richard William Leopold. An adequate biography of Owen has long been needed, and the study which Mr. Leopold has given us would seem to be definitive. It is based upon careful and extensive research, thoroughly documented and well organized. The author has presented his material in a straightforward readable style, and has avoided, wisely, the temptation to psycho-analyze his subject. Although Robert Dale Owen is probably best remembered today as the

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associate of his father, Robert Owen, in the fascinating community venture at New Harmony, or as the militant freethinker and friend of labor in the early thirties of the last century, his subsequent career in state and national politics, and his contributions to the causes of birth control and spiritualism, are well worth recalling. To our knowledge of Owen's early and ultraradical years Mr. Leopold has contributed a more fully rounded picture—a picture which brings out not only his motives and achievements, but his limitations as a reformer. It is, however, in his chapters devoted to Owen "The Western Democrat" and "The Intellectual" that the author has made his greatest contribution. In these chapters Owen's growing interest in state and national politics is developed, the pleasant years as American chargé and minister resident at Naples pictured, his services to the nation as War Democrat and Radical Republican analyzed, and his contributions to the cause of spiritualism discussed. Brushing aside the legends which have gathered about his political achievements in Indiana, Mr. Leopold nevertheless makes it clear that Owen possessed no mean practical political ability. His rôle in the framing of the liberal Indiana constitution of 1851 was notable, as were his efforts in behalf of reform legislation of a humanitarian character, particularly in respect to education and the protection of the property rights of married women, widows and orphans. He was not, the author points out, responsible for the lax Indiana divorce laws of his day, as has often been assumed. In national politics, although a promising career in Congress was cut short all too soon, he seems at times to have been a real force in clarifying, with his pen, public and, possibly, official thought on some of the great issues of the times, particularly the Oregon question, the war-time emancipation of the slaves, and the framing of the Fourteenth Amendment. Here too, however, the author has modified some of the legends which have obscured Owen's actual contributions. To the social historian the discussion of Owen's part in furthering one of the most remarkable movements of the nineteenth century, spiritualism, will be most welcome, for Owen's conversion and literary contributions to the cause were of noteworthy importance. In rescuing Robert Dale Owen from oblivion Mr. Leopold has rendered the student of American history as well as the general reading public a real service. Owen was not a great man, but his varied and colorful career touched American life at many points, and our social and political history would have been the poorer without him.—W. R. WATERMAN, Dartmouth College.

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A Southerner Discovers New England (New York, The Macmillan Company, 1940; viii, 398 pp. $3.00), by Jonathan Daniels, is a difficult volume to classify and appraise. It is neither a guidebook nor an historical survey, though it includes what might very well prove helpful tips for the tourist and not a little significant historical information. It has no particular plan of organization but rambles casually from Connecticut to Maine and throws together comments by prominent New Englanders, to whom the author carried letters of introduction, and chance conversations with tramps and farmers. Side by side with a serious discussion of the problems of Manchester and its defunct Amoskeag Company or complaints about the superhighways in Connecticut and the billboard nuisance elsewhere, appears an inconsequential description of an inconsequential fisherman or some Rabelaisian comment or story. Every now and again an observation which appears trite and obvious is followed by a shrewd and telling comment. The book is essentially a chatty and informal report of a motor trip through parts of New England by a young, socially-minded and intelligent newspaper editor from Raleigh, North Carolina, and it has the virtues and defects of its informal character. Mr. Daniels at times becomes verbose and sentimental and in other instances a bit irritating with redundant and insignificant detail. When one has finished the book, however, he is bound to conclude that the author has presented an interesting and valuable picture of New England as seen through the eyes of a Southerner, a Democrat and an ardent New Dealer, saved from any marring prejudice by an understanding mind and a sense of humor. It is impossible here even to suggest the tremendous number of points at which the explorer touched New England life. He ranges from the St. Botolph Club in Boston to roadside tourist cabins, from eating and drinking with governors and university presidents to patronizing a side show at a traveling carnival, from fish and strawberries and tobacco to Christmas trees and sewage disposal. He is apparently more interested in the social and economic problems of New England than in her cultural achievement or natural beauty and devotes his major attention to the problems created by the new economic forces and changing population. He finds many sharp contrasts with the South and some striking similarities. Probably the greatest value of the volume is the thought it may provoke as to New England's present condition and future prospects. Mayor Tobin of Boston warned this Southerner, "Don't ever think New England is licked", but not all his informants were equally optimistic. Mr. Daniels makes the

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reader painfully aware that the storm over New England is more than a summer shower.—ALLEN R. FOLEY, Dartmouth College.

In *The Rise of New York Port (1815-1860)* (New York and London, Charles Scribner's Sons, 1939; xiv, 485 pp. $3.75) Robert G. Albion presents the definitive results of a long period of investigation and meditation. He has spread his net widely and he has pondered what he has caught therein. The result, therefore, is something more than an accumulation of illustrative details, both prosaic and colorful; it is a thoughtful arrangement of those details into a pattern of interpretation. Selecting the significant years from 1815 to 1860, "when New York definitely drew ahead of its rivals and established itself as the chief American seaport and metropolis," he attributes this rise to human initiative more than to nature's bounty. New York surpassed even its more favored rivals as soon as its citizens determined to use sailing packets, steamboats and canals as a means of diverting the flow of commerce into its spacious harbor. Without minimizing the value of the Erie Canal to the little port on Manhattan, Professor Albion insists that the construction of a water-level route to the West by way of the Hudson and Mohawk valleys was less effective in determining New York's future than the ingenious exploitation of the sea routes, coastwise and transatlantic, which "led down the bay past Sandy Hook." The first ocean liners—sailing packets—made possible the smooth functioning of the "Atlantic shuttle" and the organization of the "cotton triangle", even before steam had conquered the sea. No part of the story is more fascinating than the building of the three-cornered trade in cotton (chapter iii) and the activities of the various groups of merchants, presiding over their countinghouses or setting the standards for the city's social and political life. It was the heyday of the merchant-importer whose horizon was not limited by East River docks and South Street offices. His thoughts, like his ledgers, were filled with the "textile factories of Manchester, the hongs of Canton, the flour mills of Rochester and the cotton-laden levees of New Orleans." He was primarily responsible for the drive which by 1860 had brought to New York two thirds of all the nation's imports and one third of its exports. Boston, Philadelphia and Baltimore were envious but badly outdistanced rivals. All this Professor Albion tells, and he obviously enjoys the telling. The content of economic and social history will be greatly enriched if we have studies of other great ports, based upon such discriminating research and presented by such a skilful literary craftsman.—JOHN A. KROUT.

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